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Introduction

Background

1.0 The Common Minimum Programme (CMP) of the present Government, *inter alia*, has recognised as one of its basic principles of governance the need to “enhance the welfare and well-being of farmers, farm labour and workers, particularly those in the unorganised sector and assure a secure future for their families in every respect.” The CMP further states that

“The UPA government is firmly committed to ensure the welfare and well-being of all workers, particularly those in the unorganised sector who constitute 93 per cent of our workforce. Social security, health insurance and other schemes for such workers like weavers, handloom workers, fishermen and fisherwomen, toddy tappers, leather workers, plantation labour, beedi workers, etc. will be expanded.”

1.1 In order to implement the above commitment, the Government of India, among other measures, constituted the National Commission for Enterprises in the Unorganised Sector (NCEUS) vide Ministry of Small Scale Industries Resolution No. 5(2)/2004-ICC dated 20th September, 2004, under the Chairmanship of Professor Arjun Sengupta. The current composition of this Commission is as follows (see **Appendix 1** also):

Professor Arjun Sengupta,
Chairman,
Centre for Development and Human Rights,
New Delhi

Chairman
[From 20.09.2004 to 01.07.2005]
[From 17.11.2005 till date]

Professor K. P. Kannan,
Fellow,
Centre for Development Studies,
Ulloor, Thiruvananthapuram 695011,
Kerala.

Full-time Member
[From 01.11.2004 till date]

Professor Ravi S. Srivastava,
Professor,
Centre for Studies in Regional Development,
Jawaharlal Nehru University,
New Delhi 110067.

Full-time Member
[From 01.05.2006 till date]

Shri B.N. Yugandhar,
Member,
Planning Commission,
New Delhi 110001.

Part-time Member
[From 05.11.2004 till date]

Professor T.S. Papola,
Director,
Institute for Studies in Industrial Development,
Vasant Kunj Institutional Area,
New Delhi 110070

Part-time Member
[From 06.04.2005 till date]

Shri V.K. Malhotra, IAS (Retd.)

Member Secretary
[From 01. 03.2006 till date]

1.2 The Terms of Reference of the Commission are as follows:

- i. Review the status of unorganized/informal sector in India including the nature of enterprises, their size, spread and scope, and magnitude of employment;
- ii. Identify constraints faced by small enterprises with regard to freedom of carrying out the enterprise, access to raw materials, finance, skills, entrepreneurship development, infrastructure, technology and markets, and suggest measures to provide institutional support and linkages to facilitate easy access to them;
- iii. Suggest the legal and policy environment that should govern the informal/unorganized sector for growth, employment, exports and promotion;
- iv. Examine the range of existing programmes that relate to employment generation in the informal/unorganized sector and suggest improvement for their redesign;
- v. Identify innovative legal and financing instruments to promote the growth of the informal sector;
- vi. Review the existing arrangements for estimating employment and unemployment in the informal sector, and examine why the rate of growth in employment has stagnated in the 1990s;
- vii. Suggest elements of an employment strategy focussing on the informal sector;
- viii. Review Indian labour laws, consistent with labour rights, and with the requirements of expanding growth of industry and services, particularly in the informal sector, and improving productivity and competitiveness; and
- ix. Review the social security system available for labour in the informal sector, and make recommendations for expanding their coverage.

1.3 Even as the Commission was deliberating on its Terms of Reference including the one on Social Security (No. 9), a draft Bill titled 'The Unorganised Sector Workers' Bill, 2004', prepared by the Ministry of Labour and Employment of the Government of India, resulting from the recommendations of the Second Labour Commission, was sent to this Commission for its comments and possible revision. The background was that several stakeholders had expressed their opinion for a re-examination of the proposed Bill. The Bill had combined the issue of social security with that of the conditions of work and contained provisions wherein the self-employed, who constituted a majority of informal workers, had to pay a higher share of contribution to the proposed social security scheme. The coverage of the scheme was also intended to be very limited. Some issues of implementation in the Bill also needed precise formulation.

1.4 On the basis of discussions within the Commission, and interactions with its Advisory Board, the Ministry of Labour and Employment and other stakeholders, the Commission proposed to the Central Government the preparation of two Bills, one on social security, and the other on conditions of work and livelihood promotion for workers in the unorganised sector. In order to enable the government to prepare the two new Bills, the Commission submitted two draft bills.

1.5 Following the submission of the two draft Bills, the Commission has further deliberated on the subject and is now putting forth a revised Bill on Social Security along with a report detailing its proposal for a national social security scheme which would be applicable to all workers engaged in informal employment.

1.6 The Commission will also be submitting another report to justify the draft Bill dealing with the conditions of work and livelihood promotion for unorganised workers.

Procedure Followed in Preparing the Report

1.7 The Commission began with consultations with the Advisory Board on the outlines of the proposed national social security scheme (**Appendix 2** to the Report contains the composition of the Advisory Board). Subsequently, a draft Bill was submitted to the Central Government and placed in the public domain. Copies of the draft Bill were sent to several of the stakeholders including state governments, trade unions and other organisations working for and with the unorganised workers. The comments and suggestions received from these stakeholders formed the basis for the preparation of this Report.

1.8 Most State governments responded to the Commission's request for comments and information on existing social security arrangements. In addition, some of the State governments stated their point of view at the 40th Session of the Indian Labour Conference held at New Delhi during 9-10 December, 2005. Members of the Commission had the opportunity to discuss the issue with some of the State governments during their visits to the states.

1.9 The Commission constituted a Task Force on Social Security for Unorganised Workers under the Chairmanship of Professor K.P. Kannan, Member of the Commission, to assist the Commission in the preparation of the Report as well as to act as a forum for discussion and deliberation of various issues connected with the subject (**Appendix 3** to this Report gives the composition of the Task Force).

1.10 The background information on the subject was collated in the Commission. The India-based offices of three multilateral organisations, viz. the International Labour Organisation (ILO), the World Bank and the United Nations Development Programme (UNDP) offered access to their studies pertaining to both India and other countries. Several academic scholars also responded to the draft Bill with their comments and suggestions. The subject was also discussed at

various conferences such as the Conference on Employment and Income Security in India during April 6-8, 2005, organised jointly by the Indian Society of Labour Economics (IJLE), Institute for Human Development (IHD), New Delhi, the Planning Commission and the National Commission for Enterprises in the Unorganised Sector (NCEUS); the 47th Annual Conference of the Indian Society of Labour Economics held at the Jawaharlal Nehru University (JNU), New Delhi during December 15-17, 2005; and the Global Labour Forum held during December 13-14, 2005 at New Delhi.

Framework of the Report

1.11 The Report is divided into two parts. Part I contains the text of the Report, which is organised as follows. Following this introductory Chapter, Chapter 2 highlights the definitions of the informal sector and informal workers, and the need for social security for this target group. Chapter 3 examines the main sources of insecurity for workers in the informal economy. Chapters 4 to 6 examine the existing protective social security arrangements initiated by the Central Government, State governments and voluntary organisations, in that order. Chapter 7 is a review of the international experience in the area of social security. It details the initiatives of large Asian countries such as China and Indonesia, and also provides a brief account of some successful cases such as Tunisia and Brazil. Chapter 8 summarises the existing models of social security and discusses, in detail, the salient features of the proposed national minimum social security that covers all workers in the informal economy. Chapter 9 discusses the organizational and implementation issues and the financial implications of the national minimum social security proposal. Chapter 10 documents the responses of different stakeholders and outlines their duties and responsibilities. Chapter 11 gives the main conclusions and recommendations.

1.12 Part II contains the revised draft “Unorganised Workers Social Security Bill, 2006.”

1.13 A subsequent section on Appendices contains a summary of the existing social security schemes implemented by the Central and State governments as well as by various voluntary organisations, and the responses received from various stakeholders.

Acknowledgements

1.14 We place on record the advice, support and guidance given by Professor K. Jayashankar, Member of the Commission during the period 01.12.2004 to 09.03.2006 and Shri K.K. Jaswal, who was Member-Secretary during the period 01.11.2004 to 18.02.2006.

1.15 The Commission benefited by the discussions in the Advisory Board as well as the suggestions made by several members. Some of them helped in organising conferences to discuss the draft of the Report.

1.16 The members of the Task Force contributed significantly to the preparation of this Report by holding discussions, and offering suggestions and written inputs.

1.17 Experts in the India office of the International Labour Organisation (ILO) and the World Bank assisted the Commission by providing information on the experiences of different countries. The ILO office in India also offered technical support by hiring a Consultant, Professor Jeemol Unni, to work for the Commission on a number of related subjects including social security.

1.18 The Secretary, Ministry of Labour and Employment of the Government of India and his officials as well all the State governments and the officials in the Departments of Labour assisted the Commission and provided relevant information. The representatives of trade unions, other organisations of the workers in the unorganised sector and social activists participated in discussions with the Commission at New Delhi and in the States visited by the Commission members.

1.19 The Commission takes this opportunity to thank the above individuals and organisations that have made constructive contributions towards the preparation of the Report and the Bill.

1.20 It is our pleasurable duty to place on record our deep appreciation of the valuable services rendered by the staff of the Commission. Shri Mahesh Kumar, Director, shouldered the main responsibility for co-ordinating all the activities related to the preparation of this Report and the functioning of the Task Force on Social Security. Professor Jeemol Unni, Consultant, provided valuable professional support. Dr. G. Raveendran, Consultant, and Shri S.V. Ramana Murthy, Deputy Secretary, provided vital assistance on statistical issues. Smt. Manisha Shridhar, Director, besides providing overall administrative support, assisted the Commission in its visits to selected states as well as in discussions with various stakeholders. Shri J.D. Hajela, Director, Shri D.P. Singh, Under Secretary, Shri Suresh Kumar, Under Secretary, Ms Anna Mathew, Research Associate and Shri H.S. Chhabra, Section Officer, provided crucial services in the functioning of the Commission, in general, and the preparation of this Report, in particular.

Informal Sector, Informal Workers and Social Security

2.0 According to the international definition accepted by the UN Economic and Social Council (ECOSOC), the term 'informal sector' denotes: (a) all private unincorporated enterprises (informal enterprises) or households engaged in the production and sale of goods or services, and (b) enterprises with employment size below a pre-determined threshold (SNA, 1993). The term 'informal workers' (or employment) is defined to include persons whose employment relationship is, in law or practice, not subject to labour legislation, social protection and certain employment benefits. Combining the two, the International Labour Organisation has coined the term 'informal economy' (ILO, 2002).

2.1 The term generally used in India to denote the informal sector is 'unorganised sector' and informal workers are referred to as 'unorganised workers'. In this Report, we therefore use the terms 'unorganised sector' and 'informal sector' interchangeably. Similarly, informal employment is referred to as unorganised employment in the Indian context. Whenever reference is made to the informal/unorganised sector and informal/unorganised workers conjointly, the term 'informal economy' is used.

2.2 The harmonisation of the concepts of unorganised sector and unorganised employment with that of the internationally adopted concepts of informal sector and informal employment has been achieved by adopting a uniform definition for the unorganised sector and unorganised employment cutting across type of activity. On the basis of these definitions, the Commission has arrived at estimates of the workers in the unorganised/informal sector as well as those in informal employment.

2.3 The term 'unorganised sector' is used to denote the aggregate of economic units engaged in the production of goods and services with the primary objective of generating employment and income for the persons engaged in the activity. These units are typically small in size and not distinguishable from the households managing the activity. The units thus constitute part of the household sector as unincorporated enterprises. Although the contribution of these units in the economy of India has been very significant (around 60 per cent), there has not been any uniform definition of the sector reflecting its specific characteristics. For statistical purposes, however, different agencies have been using different definitions leading to varying estimates of its size. For example, the definition of organised sector used to estimate national income differed from that adopted for estimating employment. The definitions were primarily based on data availability rather than on the characteristics of the sector. It has, therefore, become necessary to evolve and use a proper definition of the unorganised sector. The Commission deliberated on the issue extensively and considered the available international definitions. It also analysed the existing data sets available through enterprise surveys conducted by the NSSO. It is noted that the certain legislations, e.g. the Factories Act, 1948, and the Payment of Gratuity Act, 1972 are

applicable to enterprises employing ten or more workers. The characteristics of these enterprises in terms of legal status, productivity and other economic parameters are also distinctly different from those units employing less than ten workers as revealed by different surveys. A size criterion in terms of the number of workers in addition to the ownership criteria is, therefore, found to be appropriate in defining the unorganised/informal sector. Therefore, the Commission has adopted the following definition:

“All unincorporated private enterprises owned by individuals or households engaged in the production and sale of goods and services and operated on a proprietary or a partnership basis and employing less than 10 persons”.

2.4 Although the above definition does not make any distinction between agricultural and non-agricultural enterprises, the concept of enterprise is generally being used in India only in the context of the non-agriculture sector. The use of such a restrictive meaning of enterprise would lead to the exclusion of a large number of workers in the agriculture sector, unless a corresponding unit of enterprise in agriculture is specified and used. The Commission, therefore, believes that in the case of agriculture, each operational holding in crop production, animal husbandry, fishing, etc. needs to be considered as an enterprise for the purpose of applying the definition.

2.5 In the rural areas, the unorganised/informal sector mostly comprises landless agricultural labourers, small and marginal farmers, sharecroppers, persons engaged in animal husbandry and fishing, forest workers, toddy tappers, workers in agro-processing and food processing, and artisans such as weavers, blacksmiths, carpenters and goldsmiths. In the urban areas, it mainly consists of manual labourers in construction, carpentry, trade and transport and small and tiny manufacturing enterprises as well as persons who work as street vendors and hawkers, head-load workers, garment makers, and rag pickers, among others.

2.6 Table 2.1 contains the estimates of employment in the organised and unorganised sectors during 1999-00 (55th Round of the National Sample Survey) based on the above definition of the unorganised sector.

**Table 2.1: Estimates of Workers in the Organised and Unorganised Sectors
(in million, 1999-00)**

Sl.	Category	Rural	Urban	Combined
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no.		Male	Female	Total	Male	Female	Total	Male	Female	Total
1.	Organised Agriculture	2.96	1.69	4.66	0.11	0.11	0.22	3.07	1.80	4.88
2.	Unorganised Agriculture	137.51	87.09	224.61	4.95	3.24	8.19	142.46	90.34	232.80
3.	Total Agriculture	140.48	88.79	229.26	5.06	3.35	8.41	145.53	92.14	237.67
4.	Organised Non-agriculture	15.91	3.54	19.46	26.86	5.25	32.11	42.77	8.79	51.57
5.	Unorganised Non-agriculture	40.35	11.68	52.03	45.13	10.36	55.49	85.47	22.05	107.52
6.	Total Non-agriculture	56.26	15.23	71.49	71.99	15.61	87.60	128.25	30.84	159.09
7.	Organised Total	18.88	5.24	24.11	26.97	5.36	32.33	45.85	10.60	56.44
8.	Unorganised Total	177.86	98.78	276.64	50.08	13.60	63.68	227.94	112.38	340.32
	Grand Total	196.74	104.02	300.75	77.05	18.96	96.01	273.78	122.98	396.76

Note: In the absence of data on employment size in operational holdings, all employment other than that in plantations is included in the unorganised agricultural sector.

Source: Computed from unit level data of NSS 55th Round, 1999-2000, Employment-Unemployment Survey.

2.7 The unorganised sector is an enterprise-based concept and does not reflect the characteristics of the jobs or employment relationships. It is possible that some workers in the organised sector do not enjoy any job security, work security or social security. In order to identify such categories of workers, it is necessary to complement the definition of unorganised sector with a definition of unorganised/informal employment. All the casual workers and unpaid family workers in all enterprises, irrespective of the sector, are being considered as unorganised workers. Similarly, self-employed persons in the unorganised sector, and private households and other employees not eligible for paid sick/annual leave or other social security benefits offered by the employer, are also being considered as unorganised workers. Thus the Commission has adopted the following definition of unorganised employment for the purposes of this Report:

“Unorganised Workers are all those who are working in the Unorganised Sector defined earlier and the workers in the formal sector without any employment security and social security provided by the employer”.

2.8 Estimates of formal and informal employment as on 1.1. 2000 based on the above definition of informal employment are given in Table 2.2.

**Table 2.2: Estimates of Workers in Formal and Informal Employment
(in million)**

Sl. no.	Category	Rural			Urban			Combined		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1.	Total Employment	196.74	104.02	300.75	77.05	18.96	96.01	273.78	122.98	396.76

1.1.	Agriculture	140.48	88.79	229.26	5.06	3.35	8.41	145.53	92.14	237.67
1.2.	Non-agriculture	56.26	15.23	71.49	71.99	15.61	87.60	128.25	30.84	159.09
2.	Organised Employment	10.60	2.04	12.64	18.71	3.33	22.04	29.31	5.37	34.68
2.1.	Agriculture	1.80	0.73	2.53	0.15	0.07	0.22	1.95	0.80	2.75
2.2.	Non-agriculture	8.80	1.31	10.11	18.56	3.25	21.82	27.36	4.57	31.93
3.	Unorganised Employment	186.14	101.97	288.11	58.34	15.64	73.97	244.47	117.61	362.08
3.1.	Agriculture	138.68	88.06	226.73	4.91	3.28	8.19	143.58	91.34	234.92
3.2.	Non-agriculture	47.46	13.92	61.38	53.43	12.36	65.78	100.89	26.27	127.18

Source: Computed from unit level data of NSS 55th Round, 1999-2000, Employment-Unemployment Survey.

2.9 As per the definitions adopted by the Commission and the corresponding estimates of employment, the inter-relationship between the sector of employment and the type of employment can be depicted as shown in Table 2.3. If seen in the context of the definition of the sector, 85.8 per cent of the total employment in the Indian economy during the period 1999-2000 was accounted for by the unorganised/informal sector. This was around 340 million including 4 million workers whose job status can be characterised as formal. As regards the type of employment, 91.3 per cent of the total employment was in the category of informal employment of around 362 million workers of which nearly 26 million were accounted for by the organised/formal sector.

Table 2.3: Inter-relationships between Definitions, 1999-2000 (in million)

Sector	Employment Category		
	Formal	Informal	Total
Organised	30.66	25.79	56.45
Unorganised	4.02	336.29	340.31
Total	34.68	362.08	396.76

Source: Computed from unit level data of NSS 55th Round, 1999-2000, Employment-Unemployment Survey.

2.10 In most States, the share of informal workers is approximately the same as the national average; however, many smaller States have a lower share than the national average. Only five States show a share that is around 80 per cent or less. These include Delhi (70 per cent), Goa (72 per cent), Nagaland (74 per cent), Sikkim (79 per cent) and Kerala (80 per cent). The relatively more industrialised States do not show a significantly lower share of informal workers. In fact, their share is closer to the national average with Tamil Nadu registering 90 per cent, Gujarat 92 per cent and Maharashtra 88 per cent. In Table 2.4, we present the estimates of informal workers in the States and Union Territories.

Table 2.4: Distribution of Informal and Total Workers by State, 1999-2000 (Figures are in million)

State	Informal Workers			Total Employment			Percentage of Informal Employment		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Andhra Pradesh	21.03	14.41	35.44	23.35	15.05	38.40	90	96	92
Arunachal Pradesh	0.17	0.11	0.28	0.18	0.11	0.30	90	98	93
Assam	5.60	1.33	6.93	6.53	1.59	8.12	85	83	85
Bihar	23.35	7.28	30.63	24.83	7.40	32.24	94	98	95
Goa	0.27	0.08	0.35	0.38	0.10	0.49	69	80	72
Gujarat	12.72	7.23	19.95	14.27	7.47	21.74	89	97	92
Haryana	4.55	1.59	6.14	5.39	1.65	7.04	85	96	87
Himachal Pradesh	1.32	1.26	2.58	1.55	1.29	2.85	85	97	91
Jammu & Kashmir	1.85	0.96	2.81	2.19	0.99	3.18	85	97	88
Karnataka	13.92	8.05	21.97	15.56	8.32	23.88	89	97	92
Kerala	6.36	2.77	9.13	7.90	3.53	11.42	81	78	80
Madhya Pradesh	20.97	12.32	33.30	22.70	12.57	35.26	92	98	94
Maharashtra	22.93	14.02	36.95	27.48	14.65	42.14	83	96	88
Manipur	0.38	0.19	0.57	0.45	0.21	0.66	85	93	87
Meghalaya	0.42	0.31	0.73	0.46	0.33	0.80	90	91	92
Mizoram	0.13	0.10	0.22	0.16	0.11	0.26	81	90	85
Nagaland	0.12	0.10	0.22	0.18	0.12	0.30	66	87	74
Orissa	9.19	4.89	14.08	10.04	5.00	15.04	91	98	94
Punjab	5.96	2.36	8.32	6.70	2.51	9.20	89	94	90
Rajasthan	11.71	7.53	19.23	12.80	7.67	20.47	91	98	94
Sikkim	0.10	0.04	0.14	0.13	0.05	0.18	78	81	79
Tamil Nadu	16.71	10.16	26.87	18.99	10.84	29.83	88	94	90
Tripura	0.70	0.08	0.78	0.78	0.10	0.88	90	78	88
Uttar Pradesh	40.93	14.41	55.35	43.96	14.71	58.67	93	98	94
West Bengal	19.69	5.48	25.17	22.12	5.82	27.94	89	94	90
Delhi	2.80	0.36	3.17	3.92	0.57	4.49	72	64	70
Pondicherry	0.20	0.09	0.29	0.25	0.10	0.35	80	91	83
Chandigarh	0.24	0.03	0.27	0.32	0.06	0.37	75	56	72
Dadra & Nagar Haveli	0.05	0.03	0.07	0.05	0.03	0.08	89	99	92
Daman & Diu	0.04	0.01	0.05	0.04	0.01	0.05	91	93	91
A & N Islands	0.06	0.02	0.08	0.09	0.03	0.12	63	79	67
Lakshadweep	0.01	0.00	0.01	0.01	0.00	0.02	57	58	58
Total	244.47	117.61	362.08	273.78	122.98	396.76	89	96	91

Source: Computed from unit level data of NSS 55th Round, 1999-2000, Employment-Unemployment Survey.

2.11 Since the focus of this Report is on social security for informal workers, the Commission is of the view *that 'informal employment' should be taken as the target group for provision of social security as recommended here*. However, the Commission is keen that all informal workers as well as all informal enterprises be registered in order to enable them to receive all forms of support and assistance from the government.

2.12 The social security problems of workers in the unorganised/informal sector may be divided into two sets of problems. The first category arises out of **deficiency** or **capability deprivation** in terms of inadequate employment, low earnings, low health and educational status, among other factors, that are related to the

generalised deprivation of the poorer sections of the population. The second category arises out of **adversity** in the sense of an absence of adequate fallback mechanisms (safety nets) to meet contingencies such as ill-health, accident, death, and old age. The fact that a majority of workers from the socially backward communities find themselves in the unorganised/informal sector imparts a certain social dimension to the characteristics of these workers. In this context, the social security offered to these workers should also be seen as a form of social upliftment.

2.13 The absence of a meaningful social security arrangement does not merely pose problems for individual workers and their families. It also has wider ramifications for the economy and society. From an economic point of view, it debilitates the worker's efficiency and his/her ability to contribute meaningfully to increasing production and productivity. Low earning power coupled with vulnerabilities leads to poverty which reduces the aggregate demand in the economy. Socially, it leads to dissatisfaction and disaffection, especially when a small segment of the society is well-endowed and seen to be prospering. The indirect costs of the absence of social security may well be increasing social costs caused by policing and management of crimes and illegal activities, widespread ill-health and a variety of related social problems. The social costs of managing such problems are often not appreciated in discussions concerning the designing of social security arrangements.

2.14 The focus of this Report is on protective social security for workers in the informal economy but we do realise that the complementarity of promotional social security should form part of an overall and integrated social policy. A number of promotional social security programmes can also be compared with protective social security schemes. The promotional programmes include the Integrated Child Development Scheme (ICDS), the Public Distribution System (PDS) targeted at the households Below the Poverty Line (BPL), the Mid-Day Meal Scheme for children in primary schools, housing schemes such as the Indira Awas Yojana (IAY), and so on. A qualitative shift in the provision of promotional social security that is historically significant is the recent enactment of legislation to guarantee employment (of up to 100 days) to all rural households, on demand. Known as the National Rural Employment Guarantee (NREG), this programme is a right-based one in that the State is obliged to provide employment on demand or pay specified compensation to the prospective workers. The proposed national minimum social security should be seen as a complementary, but protective one, to this promotional social security.

Articulating a Social Security Policy Framework

2.15 India is yet to evolve a comprehensive national social security policy for its entire working population. Currently, social security entitlements such as provident fund, gratuity, health cover, etc., that are legally binding are available for a majority of formal workers in the organised sector. Formal social security arrangements in the unorganised sector are confined to a small minority of workers and assume the form of Welfare Funds for selected categories of workers sponsored by the Central Government and a few State governments. As may be noted from the following chapters, these

schemes as well as those initiated by a number of voluntary organisations do not cover more than 5 to 6 per cent of the workers in the informal economy.

2.16 The Commission believes that social security is an important component of any social development agenda and is as relevant as physical security in the evolving concept of human security. The objective conditions in India are considered favourable to a meaningful societal transition in terms of human security. This could begin with the extension of the concept and coverage of social security through an inclusive agenda that will ensure a modicum of social security for sections of the workforce that have hitherto been deprived of access to such security.

2.17 Recent studies show increasing dynamism in the informal sector in terms of both output and earnings. The discussion on informalisation of the economy has so far only emphasised the employment aspect. However, a recent study examined whether the informalisation has been accompanied by an increase in real informal wage, capital investment and value added in manufacturing at the all-India level. The study found that as compared to the pre-reform period (1984-85 to 1989-90), the post-reform period (1989-90 to 1999-2000) witnessed an increase in informal wage (in manufacturing) accompanied by a real increase in fixed assets (proxy for capital investment) and value added. These results hold good for most of the States and Union Territories. The main finding of the study is that in order to understand the impact of reform on labour markets, one has to assess the working of the capital market as well (Marjit and Kar, 2004-05).

2.18 How does this compare with the trend in wages for agricultural workers who constitute the single largest segment of informal workers? Recent studies by many scholars (e.g. Srivastava and Singh, 2005; Himanshu, 2005 and Nadhanael, 2005) have reported that the real wages for agricultural labourers continued to increase during the post-reform period as compared to the pre-reform period but at a reduced rate. This is perhaps explained by the decline in public investment in agriculture during the post-reform period. However, the real wage rates for non-agricultural occupations in rural India witnessed a higher growth rate during the post-reform period (1993-94 to 1999-2000) as compared to the pre-reform period (1983 to 1993-94) (Himanshu, 2005).

2.19 While scholars have identified a number of factors that determine the agricultural wage rate, it is pertinent to note that, in general, wage rates as well as their growth rates, are lower in those States that have a high incidence of poverty in different manifestations. This is the case with the States of Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal during the post-reform period. These are also the States which offer very little social security for informal workers. *There is, therefore, a critical need to improve the larger social and economic conditions governing work and workers in the informal sector and a strategy for “levelling up”.*

2.20 The proposal for extending the social security cover to the informal sector should be seen in this background. In any case, the fiscal burden of the proposed scheme is likely to be minimal since it is based on the principle of ‘collective care arrangement’

under which all the stakeholders – workers, employers (wherever identifiable or their proxies in the form of beneficiaries of services), and the State – contribute. There will be a legitimate ground for internalising the cost of social security to the society as a whole in the case of certain segments of the working poor (including agricultural labourers, home-based workers and independent workers like street vendors and artisans). In such cases, the government will have to contribute a part of the cost of social security.

2.21 Social security to the hitherto excluded workers in the informal sector, as envisaged in this proposal, is not a stand-alone one. Although the country does not have a formal social policy, it does have a long-standing and universal social development agenda arising out of the Directive Principles enshrined in the Constitution. In addition, it also has several target-oriented and long-standing programmes with the explicit objective of eradication of poverty and deprivation. There is need to locate the evolving/proposed national social security system within the framework of the existing (and also evolving) national social/human development programmes for the poor and the larger framework of universal social/human development programmes. This may be seen at three different levels, which are detailed below.

2.22 **Universal Programmes:** At the first level are the universal programmes and schemes for basic social/human development such as the mission for literacy, schooling, healthcare services, drinking water and sanitation, technical training, etc. that should be viewed as being foundational to any sound social and economic development policy. These programmes address the issue of creation and enhancement of human capabilities by offering entitlements to all citizens funded by the public exchequer. The effectiveness and advancement of these functions of the State often constitute a pre-requisite for the effectiveness of specific protective social security policies and schemes such as the one proposed here.

2.23 **Targeted Programmes for the Poor and the Vulnerable:** At the second level are the social/human development schemes that are intended to provide a measure of socio-economic security to the poorer citizens, irrespective of their status as working or non-working poor. The underlying idea here is to meet both the promotional and protective needs of some sections of the population by offering them basic social security. Over time, a number of such programmes have come to stay in the country. As mentioned earlier, a recent major initiative to address the deficiency in basic social security of the poor is the National Rural Employment Guarantee (NREG), which differs from all other schemes preceding it because it is founded on the notion of 'right to work' and hence guaranteed by the State. *As a complement to these programmes, the National Rural Employment Guarantee (NREG) will go a long way towards satisfying the largely unmet basic social security needs of the working poor in India.*

2.24 **Social Security for Workers in the Unorganised/Informal Sector:** At the third level is the social security system for workers in the unorganised/informal sector. This can be used to address the dual issues of deficiency and adversity which characterise

the current social security programmes for the poor. The issue of adversity, which arises out of various contingencies, has not yet been systematically addressed. The most important issues to be considered here include social security cover for ill- health, accidents/death and old age. These fall under the category of **protective social security**. To this can be added the social security concerns arising out of deficiency such as lack of access for the poor to credit/finance (especially for the self-employed), loans for upgrading skills, loans for housing, children's education, etc. The distinctive feature in this case is that these are tailored to meet the social security concerns of workers *qua* workers in the unorganised/informal sector. This may be seen as complementary to the universal and targeted programmes, which are based on citizenship and not work status.

2.25 However, in the context of a developing country such as India, social security arrangements for the working poor have wider ramifications for the economy and society. From a macro-economic point of view, it helps to develop a healthy and contented workforce capable of enhancing its contribution to the national income, which would, in turn, enhance the capacity of the economy to grow. When more than 90 per cent of the workforce is in the unorganised/informal sector, there is greater urgency for sustaining a higher rate of growth of the economy. A workforce with higher capability and security could contribute to higher growth, which, in turn, would enhance the aggregate demand in the economy through higher purchasing power of this vast mass of the workforce. The mutually reinforcing nature of this relationship needs to be recognised and exploited. .

2.26 Given this background, the Report makes out a case for national minimum social security for all workers in the informal economy to be covered in a phased manner over a period of five years. State governments and trade-specific welfare boards may also further contribute resources to this universal scheme in order to provide additional benefits, over time and in different regions. The Commission believes that the effective implementation of this scheme will go a long way towards correcting the imbalances, manifested in a situation whereby a high rate of economic growth and prosperity of a section of its population co-exists with poverty, deprivation and adversity among vast masses of workers in its informal economy.

Sources of Insecurity

Security Needs of Informal Workers

3.0 The International Labour Organisation's notion of social security as expressed in the International Convention No. 102, includes nine core contingencies that lead to stoppage or substantial reduction of earnings. These are sickness, maternity, employment injury, unemployment, invalidity, old age, death, the need for long-term medical care and for supporting families with children.

3.1 There are a few studies in the Indian context which have analysed the impact of various sources of social security and the need for social security for informal sector workers. A recent study in Karnataka used a participatory method to derive the perceived social security needs of unorganised sector workers. Among the workers surveyed, 92.3 per cent felt that benefits towards old age, unemployment, death, sickness and employment injury were relevant for them. Women in the reproductive age groups also felt that maternity benefits were important (Rajasekhar, *et. al.*, 2005). Each respondent was shown various pictures of these six types of needs and asked to assign priority to these needs. Priorities were assigned more or less in the same order. Workers in the informal sector were not homogeneous and various segments among them had different priorities. Among the informal workers, agricultural labourers felt that old age was a major concern followed by unemployment. Among construction workers, unemployment followed by old age and employment injury were assigned priority. Among domestic workers too, old age security was the major concern followed by unemployment and sickness. Among the women who gave priority to maternity were newly married women, pregnant women and those who had only girl children and were planning to have a male child.

3.2 An interesting aspect of this study was that about 7.7 per cent of the sample workers were unwilling to rank their priorities for security. It was found that these included the highly vulnerable category of households for whom all these insecurities were obviously not important enough since their basic entitlements had not been satisfactorily met.

Health Security

3.3 Health security can be described as ensuring low exposure to risk and providing access to healthcare services along with the ability to pay for medical care and medicine when necessary. Such health security should be equally available and accessible to all citizens.

3.4 A number of studies show that risks and crisis situations occurring due to a low level of health security are endemic for informal sector workers. A field study in India (Noponen and Kantor, 1996) observed that among the stress events that households faced, which placed their income and resources under great strain, illness episodes

were the most important. Stress events associated with health dominated the outflows, comprising 48 per cent of the annual household expenditure, while rituals and marriages accounted for 30 per cent.

3.5 In a compilation of studies conducted on the poor working women of SEWA, Chen (2005) noted that the most common risks include illness and loss of job. Members of SEWA, who are all poor self-employed women, emphasise that 'health is their only wealth'. Poor health status affects their productivity forcing them to spend their hard-earned money on expensive healthcare (Sinha, 2003).

3.6 In a study of people's security concerns at the household level (Unni and Rani, 2002), it was reported that nearly half the workers felt that the nature of their work had an adverse effect on their health. While this finding may be based on the perceptions of the individual workers, their poor working environment and low income status, along with a high proportion of chronic addiction and illness, lead to insecurity among the households working in the informal sector. The vulnerability of the poor informal workers increases when they have to pay fully for their medical care with no subsidy or support. The study found that about 79 per cent of the workers paid for the entire cost of medical care without any support. The precarious existence of these workers seemed quite evident. The workers not only suffered a loss of income due to sickness or ill health but also had to bear the entire cost burden of healthcare. Further, less than 5 per cent of the workers had some form of medical insurance. Even this was mainly because the sample consisted of some SEWA members, a trade union providing some medical insurance cover to its members.

3.7 *Minor and Major Incidence of Illness:* The risk of health insecurity needs to be categorised on the basis of the kind of illness, i.e. minor illness which can be treated with medication at home, and major illness necessitating hospitalisation. The latter can be termed as a 'catastrophic' risk. Catastrophic risks have been further categorised as those wherein the household health expenditures exceed either a certain fraction of the total household expenditures or their ability to pay (Garg and Karan, 2006). Household expenditure incurred on healthcare amounting to more than 5 per cent of the total non-food expenditure of the household is taken to be catastrophic.

3.8 Two studies found that illnesses requiring hospitalisation were often 'catastrophic', costing more than 10 per cent of the annual incomes of the households studied (Chen and Snodgrass, 2001). It is thus obvious why the poor are among the most vulnerable sections in any society. A shock that has a relatively small impact on the non-poor can be a cause for great concern for the poor, since even marginal downward fluctuations in income can push them irreversibly below destitution levels (Noponen and Kantor, 1996).

3.9 It has been observed that in countries where a higher share of out-of-pocket expenditure is incurred on health, a greater proportion of the households are likely to face catastrophic risk. In India, a WHO (2005) study estimated that out-of-pocket expenditure was over three-quarters of the total health expenditure. A micro-study found

this expenditure to vary from about 55 per cent in Punjab to 75 per cent in Karnataka (Garg and Karan, 2006).

3.10 In 1999-2000 (NSSO data), about a quarter and 48 per cent of the total households in the country spent more than 5 per cent of their total and non-food consumption expenditure, respectively on out-of-pocket expenditure on health. More than 3.4 per cent of households, i.e. approximately 6 million households faced the catastrophic risk of spending more than 40 per cent of their total non-food expenditure on out-of-pocket expenditure (Garg and Karan, 2006).

3.11 *Risk of Untreated Morbidity among the Poor:* A number of studies have shown that if the poor lack the resources to pay for healthcare, they often forego it completely or end up becoming indebted or impoverished while trying to pay for it. On an average, the poorest quintile is 2.6 times more likely than the richest to forego medical treatment when ill (quoted in Devadasan, *et. al.*, 2004). A study of slums in the two metropolitan cities of Chennai and Delhi found that 89 per cent of sick individuals residing in these slums did not obtain treatment when ill (Sunder, *et. al.*, 2002). The relatively rich were more likely to obtain treatment.

3.12 According to the NSS data, the extent of untreated morbidity (which is always higher among the poor), showed a steep gradient between the lower and upper ends of the economic spectrum (Iyer and Sen, 2000). In 1995-96, the NSS reported 180 per 1000 cases of untreated illness episodes among men in the bottom decile group, which dropped to 38 in the top decile group in urban areas. Among women, the incidence of untreated morbidity was 193 per 1000 in the bottom decile and 67 in the top decile group. Women in the poorest households were the least likely to receive medical attention. Obviously, poverty was a major factor contributing to the failure of households in seeking treatment during illness.

3.13 *Cost of Treatment:* The cost of treatment includes medical fees, cost of medicines and diagnostic facilities, hospitalisation and the cost of travel, boarding and lodging. According to the NSS, the cost of treatment includes direct payment to the hospital, and the cost of medicines, investigations and tests. The NSS data records a steep rise in the cost of healthcare during the period 1985-86 to 1995-96. The cost of out-patient treatment rose by 132 per cent in the rural and by 146 per cent in the urban areas during this period. The cost of in-patient care rose by 436 per cent in the rural

(Rs.3202 per episode in 1995-96) and by 320 per cent in the urban (Rs. 3921 per episode) areas during the given period (Iyer and Sen, 2000).

3.14 The average expenditure for hospitalisation per hospitalised treatment, varied considerably across states and across rural and urban areas. In 1986-87, the lowest reported total expenditure for treatment in rural and urban sectors was in Kerala. The highest average total expenditure was Rs. 2053 and Rs. 1821 for rural and urban Delhi, respectively, as compared to a low of Rs. 464 and Rs.487 in rural and urban Kerala, respectively (Krishnan, 1999).

3.15 There can be various reasons for the low cost of treatment in Kerala. However, the most important cause is the high density of government health facilities in rural areas and a high degree of competition between the public and private sector in healthcare in the state. Thus, the availability of public health infrastructure is crucial for bringing down the cost of treatment.

3.16 Further, there is a large difference in the cost of treatment incurred at private and public hospitals. Variation across states for such treatment has also been observed. The lowest cost reported by the NSS was for rural patients in Kerala who were treated in government hospitals. A rural patient in Kerala would have had to pay three and a half times more for treatment in a private hospital, while in other states, he would have had to pay four to five times more for treatment in private hospitals. In general, urban patients paid more for treatment in both government and private hospitals. As compared to the base figure of hospital payment made by a rural patient in Kerala, the urban hospital payments were higher by 1.7 to 6 times (Krishnan, 1999).

3.17 *Burden of Treatment:* There is a difference between the 'cost of treatment' and 'burden of treatment' as pointed out by Krishnan (1999). The latter includes the cost of treatment (depending on the nature and duration of illness) plus 'the loss of income of the patient and others during the period of illness'. The burden of treatment for an individual or family is defined as the ratio of total cost of illness to the income of the individual or family. Using NSS 1986-87 data, Krishnan (1999) estimated the relative burden of treatment, including only direct costs, as the ratio of treatment cost to the annual per capita expenditure of each monthly per capita expenditure decile group, to assess the extent of the financial burden faced by different socio-economic groups.

3.18 The burden of treatment in government hospitals in the rural sector is below 30 per cent in Kerala, Tamil Nadu and West Bengal, while it varies from 100 to 230 per cent in Bihar, Assam, Punjab, Rajasthan, Haryana and Uttar Pradesh. The burden of treatment in private hospitals in the rural areas exceeds 100 per cent in all states except Assam, West Bengal, Kerala and Tamil Nadu. This implies that many households in these states financed healthcare by incurring debt or foregoing their overall consumption. Such a reduction in consumption, often of the food intake, could increase the risk of infection and morbidity in the society. Women and children are likely to face higher risks in this regard.

3.19 The burden of treatment appeared to be lower in the urban areas in spite of the higher cost reported earlier. This may be partly due to the somewhat higher levels of consumption expenditure incurred even for the urban poor. In 1986-87, excluding Uttar Pradesh, the burden of treatment in government hospitals incurred in all other states was below 100 per cent. For treatment in the private hospitals in urban areas, however, the burden exceeded 100 per cent in all states except Assam, Haryana, Karnataka, Kerala, Gujarat and West Bengal.

3.20 The Commission is aware that none of the poverty alleviation programmes makes any allowance for the burden of treatment. Sickness is a random event and hence income transfer is not a solution. We are convinced that a comprehensive health policy for the future should be built on the foundation of a strong public healthcare infrastructure and a comprehensive insurance plan for hospitalisation.

Maternity Needs

3.21 India has a high maternal mortality rate, even judging by the standards of developing countries as a whole, not to speak of the Asian region. The National Human Development Report prepared by the Planning Commission (GOI, 2002) states that, as of 1999, the maternal mortality rate (MMR) was 407 (indicating deaths per 100,000 deliveries based on the Sample Registration System, SRS). The National Family Health Survey (NFHS), I and II, however, recorded a higher MMR and worse still, an increase in MMR from 424 in 1992-93 to 540 in 1998 (Priya, 2006).

3.22 The national average, however, conceals the considerable regional variation within India with Kerala registering a maternal mortality rate of 198 only and Uttar Pradesh a rate as high as 707. Even after half a century of independence, one of the most frequent causes of death among women in India is maternal mortality. Abortion, haemorrhage, toxæmia and anaemia account for the large majority of all maternal deaths. These causes of mortality suggest that a large number of maternal deaths are preventable. While nutrition and adequate spacing between births are important, the crucial factor that often comes into play is the lack of professional help during delivery. If institutional delivery is taken as an indicator, then Kerala shows, as of 1999, almost complete coverage (with 94 per cent of the births in the State taking place in healthcare institutions) as against 42 per cent for the country as a whole, and less than 30 per cent for many States including the large ones such as Uttar Pradesh, Bihar and Madhya Pradesh. Thus the urgent need for adequate health infrastructure in the country cannot be over-emphasised. However, a security cover such as an insurance scheme offering maternity benefits is also likely to increase the chances of institutional delivery, leading to a consequent decline in maternal deaths.

3.23 Among poor women facing the additional burden of economic activity in the informal sector where the conditions of work are strenuous, the chances of maternal mortality would be higher, particularly if these women have no access to proper health facilities. Another concern expressed by the poor informal women workers is the loss of income during the advanced period of maternity and immediately after childbirth, when

they are not able to work for some time. Maternity and childbirth also entail a lot of risks and expenses that could plunge a poor household into a financial crisis involving borrowing and high interest expenditure. This would inevitably result in reduction in incomes and savings for the poor households (Sinha, 2003).

Life and Accident Security

3.24 The death of a breadwinner is a tragic event, but in the case of informal workers, it also raises the question of survival for the family left behind due to the permanent loss of income. Further, death entails additional expenses for which the family has to borrow money, often on onerous terms, spend savings or sell assets.

3.25 An accident, either during the course of work or otherwise, is a major crisis for informal workers since it leads to loss of income. It further implies additional expenditure of medicines, hospitalisation, etc. If the accident leads to partial and/or permanent disability, the financial loss is much greater.

Old Age Security

3.26 The share of the aged (60+ years) in India is lower than the corresponding figure in its Asian neighbours in East and South-east Asia. However, as the demographic transition picks up in India, the share of the aged is likely to increase. Projections indicate that the current share of 7.47 per cent for the aged is likely to increase to 9.8 per cent by 2021. What is important from the social security point of view is the need for an institutional mechanism for taking care of the aged informal workers, in general, and the poor, in particular.

3.27 The study by Rajasekhar, *et. al.* (2005) mentioned earlier, revealed that old age was a major concern for the workers. According to the study, agricultural labourers and construction workers reported the fear of not being able to work during old age. Insecurity with regard to old age was perhaps due to the breaking up of the joint family system and also because the poor were more likely to be living in nuclear families.

3.28 With the proportion of aged persons expected to increase significantly in the future, their work-related insecurities are also expected to increase due to various reasons. Firstly, adults in poor households themselves face insecurity of work and income in their quest to lead lives of security and some dignity. Successive Population Censuses have shown a declining work participation rate (WPR) among the elderly. This may be a positive feature, implying that they are able to retire early. For the informal workers, however, this could be a source of risk, since their earnings during their working lives are unlikely to support their needs in the old age. Secondly, in India, the aged are generally dependent on their children for support. The presence of the aged in poor families adds to the financial burden and further deprivation of the family as a whole. The insecurity of the household is further exacerbated by general poverty and greater morbidity among the aged. Thirdly, the absence of adequate public healthcare facilities, and the increasing cost of private healthcare facilities for the aged can throw the household into a major crisis (Alam, 2006).

3.29 In the Karnataka study cited earlier, most of the workers who reported old age as the most important source of insecurity, were those who were above the age of 41 years (Rajasekhar, *et. al.*, 2005). The younger workers showed less concern for old age. About 35 per cent of the workers were in the age group of 31 to 40 years and less than 12 per cent were above the age of 50 years. The younger workers are preoccupied with the travails of their immediate day-to-day survival and think of longer term insecurity only after some of their needs have been met.

Unemployment Insecurity

3.30 The micro-studies quoted earlier indicated that another source of insecurity reported by the informal workers was unemployment. In India, poor workers were unlikely to remain unemployed for long and this was reflected in low rates of open unemployment. In 1999-2000, the unemployment rate by daily status was 7.3 per cent and there were 26.6 million unemployed workers in the country. However, a greater proportion of these workers are likely to be urban educated youth. For the informal/unorganised workers, under-employment and low productivity employment with the consequent risk of low incomes and high levels of poverty constitutes a greater source of insecurity.

3.31 In a People's Security Survey conducted in Ahmedabad district, workers were directly asked whether they were able to obtain work on a regular basis on most days that they wished to work. About 23 per cent of the respondents reported irregularity of employment. At 44 per cent, this figure was the largest for casual workers (Unni and Rani, 2002). Under-employment in the form of irregularity of work is also a source of insecurity for the informal workers.

3.32 In India, the newly enacted National Rural Employment Guarantee (NREG) Act is an attempt to provide employment security by guaranteeing at least 100 days of work in the most backward districts of the country. The Employment Guarantee holds the

promise of significantly alleviating the problem of under-employment for those sections of the labouring population who can undertake manual labour. However, informal workers who are varied in terms of both the nature and location of work, would continue to face the risk of loss of employment for a variety of reasons. Hence the provision of unemployment allowance to informal workers to help them face certain types of contingencies needs to be considered.

Central Government Initiatives

4.0 The Central Government has, over the years, taken a number of initiatives to extend social security cover to workers in the unorganised sector. However, the social security entitlements backed by legislation have been mainly for workers in the organised sector. The legislation-backed entitlements for the unorganised sector are limited for workers in certain occupations. Their coverage would roughly be around 15 million (around 5 million covered by Central Government schemes and the remaining by State government schemes). To this, we may add the National Old Age Pension Scheme (NOAPS), which covers around six million people. This takes the total number of persons covered under various social security schemes to 21 million, which is equivalent to a mere 6 per cent of the total number of unorganised/informal workers of around 362 million, as in the year 2000.

4.1 The model for social security that has so far been adopted by the Central Government as also the State governments is that of Welfare Funds. Typically, this model is a tripartite one, consisting of the representatives of workers, employers (wherever identifiable) and of the government. A Welfare Fund is managed by a Board appointed by the government, with its chief executive being a government functionary. Defined social security cover is given to the worker-members of the Funds for which contributions are collected from the workers, from the employers (usually through a cess) and, in most cases, from the government. Apart from the Welfare Fund Model, a few 'schemes' are implemented by the Central Government through public sector insurance companies while a few others are directly implemented by various departments. Most of the social security benefits consist of life insurance (natural or accidental), compensation for disability and some assistance for health-related problems.

4.2 A detailed table highlighting the main features of the Central Government sponsored social security schemes is given in **Appendix 4**.

4.3 The various Central Government initiatives are delineated forthwith. While our focus is on social security for unorganised workers, the protective social security programme provided to the very poor citizens without any reference to their status as workers is mentioned to begin with. This is the National Social Assistance Programme (NSAP). However, most of the beneficiaries of this programme may have been workers in the unorganised sector. After a brief review of the NSAP, we focus on the protective social security for workers in the unorganised sector provided by the Central Government for selected occupations.

National Social Assistance Programme (NSAP), (1995)

4.4 The NSAP is considered to be the first national programme of a cash-transfer nature in the country. Many, if not all, State governments had initiated such a programme much before the NSAP. The programme intends to protect poor and destitute persons in events of insecurities during old age, death of the breadwinner and maternity. The scheme is 100 per cent Centrally funded to ensure that a measure of social protection, albeit limited, is available to the poor and old persons throughout the country. The programme was launched to cover the following three benefits:

- a) **National Old Age Pension Scheme (NOAPS):** The applicant, who is more than 65 years of age, should be a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through the support of family members or other sources. A financial assistance of Rs 75/- p.m. per beneficiary was given earlier, which has now been increased to Rs 200/- p.m. The coverage under this scheme is 72.8 lakh as in 2005-2006. The expenditure reported by various States upto February 2006 is Rs.195.66 crores.
- b) **National Family Benefit Scheme (NFBS):** This scheme is targeted at households Below Poverty Line (BPL) after the death of the primary breadwinner in each of these families. The applicant should be in the age group of 18 to 65 years. A lump sum financial assistance of Rs. 10,000/- is given to the targeted family. The coverage under the scheme is 2.11 lakhs as in 2005-2006. The expenditure reported by various States upto February 2006 is Rs.80.62 crores.
- c) **National Maternity Benefit Scheme (NMBS):** This scheme is meant for pregnant women in BPL households for up to their first two live births, provided these women are aged 19 years and above. It gave a lump sum assistance of Rs. 500/- per beneficiary and covered 11.52 lakh women beneficiaries as in 2000-01. The scheme has been transferred from the Ministry of Rural Development to the Department of Health and Family Welfare with effect from 2000-01 and has been redesigned as the Janani Suraksha Yojana in which the targeted women in BPL households are provided cash benefits of up to Rs.1300 in rural areas and up to Rs.800 in urban areas for ante-natal care and institutional deliveries.

4.5 The Gram Panchayats and Municipalities play an important role in the identification of beneficiaries, monitoring of the programmes and the disbursement of funds. The State government communicates the targets for NOAPS and other schemes to the Gram Panchayats/Municipalities so that identification of the targets can be undertaken by the *Gram Panchayats* in the *gram sabhas* and by the Municipalities in the neighbourhood/*mohalla* committees.

4.6 The NSAP has been transferred to the State Plan from the Year 2002-03. The Ministry of Finance releases funds under the scheme to the States/UTs in the form of Additional Central Assistance (ACA). This ACA is over and above the normal allocation of the State for welfare schemes as reflected in the State's budget so as to ensure a minimum level of expenditure on the welfare schemes. The States therefore have to

provide for Mandatory Minimum Provision (MMP) for these schemes in their respective budgets. This consideration would be taken into account while determining the level of Central assistance. The parameters for determining the Central assistance are the population of the State, poverty ratio in the total population, proportion of persons aged 65 years and above in the total population, proportion of persons aged 18-64 years in the total population, age- specific mortality in the age group of 18-64 years, the crude birth rate, and the proportion of first two live births per woman in the total number of births. The Audit report and the Utilisation Certificate by the State Government are used to monitor the progress of the scheme and the release of further funds. The total allocation of funds for NOAPS, NFBS and the Annapurna scheme by the Ministry of Rural Development for the year 2005-06 has been Rs.1190 crore of which Rs.880.39 crore has been released upto December 2005 and the total expenditure reported on the three schemes upto February 2006 is Rs.290.22 crore. As mentioned earlier, a cash-transfer based social assistance programme for the old aged poor, widows and the handicapped has been in existence in a number of States for quite some time. The nature of the national scheme has made it possible to extend this scheme to various States, which hitherto did not have any such scheme. Many State governments have contributed an additional sum to provide a pension exceeding the national minimum of Rs.75 per month. For example, the States of Tamil Nadu, Punjab and Haryana provided a pension of Rs.200 per month per beneficiary including the contribution of the Central government. States like Kerala and Orissa paid a sum ranging between Rs.140-150. However, there are States which did not make any contribution of their own, which includes the relatively richer State of Maharashtra.

4.7 By launching this scheme, the government has recognised that a social security measure of this nature demands both national attention and initiative. In fact, the Central Government has enhanced the benefit under the NOAPS from Rs.75 to Rs.200 per month from 2006-07 onwards, thereby providing half the amount required for crossing the officially determined poverty line per person per month.

Central Welfare Funds

4.8 Separate legislations have been enacted by the Parliament to set up five Welfare Funds to be administered by the Ministry of Labour to provide housing, medical care, social security, education and recreational facilities to workers engaged in selected mining operations, *beedi*-making and the production of feature films (called cine workers). All these funds are financed out of the proceeds of cess levied under respective Cess/Fund Acts on manufactured *beedi*, feature films, export of mica, consumption of limestone and dolomite, and the consumption and export of iron ore, manganese ore and chrome ore. The Funds have been created by the following Acts:

- a) The Mica Mines Labour Welfare Fund Act (1946),
- b) The Limestone and Dolomite Mines Labour Welfare Fund Act (1972),
- c) The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act (1976),
- d) The *Beedi* Workers Welfare Fund Act (1976), and

e) The Cine Workers Welfare Fund Act (1981).

4.9 These schemes provide for medical assistance of Rs.150/- for the purchase of spectacles, reservation of beds in tuberculosis (T.B.) hospitals, treatment and subsistence allowance not exceeding Rs.750/- p.m. in case of tuberculosis, and reimbursement of expenditure up to Rs.10 lakh for heart disease and kidney transplant. The annual expenditure under these funds is around Rs. 100 crore. According to the Ministry of Labour and Employment, these schemes presently cover more than 40 lakh workers and their families.

4.10 The current rates of cess levied on the products are (i) 4.5 per cent *ad valorem* on the export of mica (with effect from November 1, 1990), (ii) One rupee per metric tonne of limestone and dolomite (with effect from December 27, 2000), and (iii) Re. one, four and six per tonne, respectively for iron ore, manganese ore and chrome ore. The relatively active Fund among all these is the one relating to *beedi* workers.

The Beedi Workers Welfare Fund Act (1976)

4.11 A premium of Rs.18/- per member per annum is shared equally by the Labour Welfare Organisation and the Social Security Fund. In addition to the benefits accorded to mine workers, beedi workers are insured under the General Insurance Scheme. This scheme provides Rs.3000/- in case of natural death, Rs.25,000/- in case of accidental deaths or total permanent disability and Rs.12,500/- in case of partial permanent disability. There is also an Integrated Housing Scheme for *beedi* workers, which has recently been liberalised, and the amount of housing subsidy has been increased from Rs.20,000/- to Rs.40,000/- per tenement.

4.12 Apart from the provision of individual claim-based benefits, a new scheme was started during 2004-05 to improve the supply side of healthcare benefits for the *beedi* workers. Under this scheme, all the State Governments/ESIC/*beedi* workers housing co-operative societies/reputed NGOs/Central or State Government-recognised private hospitals intending to construct or expand their existing infrastructure exclusively for providing both indoor and outdoor medical facilities to *beedi* workers and their dependents shall be eligible for a one-time grant-in-aid of up to Rs.200 lakh (2 crores) or 75 per cent of the actual cost of construction of hospital building or including the cost of medical equipments, whichever is less. A one-time grant-in-aid would also be available for the purchase of ambulance/mobile van equipped with medical/laparoscopic equipments and accessories up to a limit of Rs.4 lakh or 75 per cent of the total cost, whichever is less. They will also be eligible for an amount equivalent to the medicines supplied to *beedi* workers and their dependents upto an amount not exceeding Rs.10 lakh per annum or 75 per cent of the actual cost, whichever is less. The current rate of cess levied is Rs.4/- per thousand *beedies* with effect from April 1, 2005.

The Cine Workers Welfare Fund Act (1981)

4.13 Cine workers, whose income ceiling is Rs.1600/- p.m., are included in the scheme. The premium of Rs.30/- annually per member is fully paid by the Welfare Fund. Benefits include Rs.5000/- in the case of natural death and Rs.10,000/- in the case of accidental death under the Group Insurance Scheme.

4.14 The current rate of cess is Rs.20,000/- per feature film in Hindi and English, and Rs.10,000/- per feature film in regional languages with effect from April 20, 2001.

4.15 As per the Annual Report 2005-06 of the Ministry of Labour and Employment, the achievements of the Welfare Funds are reflected in Table 4.1.

Table 4.1: Achievements of Welfare Funds (Rs. in Crore)

	2004-05	2005-06 *
Utilisation of Welfare Funds	108.59	51.11
Cess collection	97.80	51.27
Expenditure on healthcare facilities	44.51	21.02
Assistance sanctioned for housing	13.16	68.75
Expenditure on educational assistance	44.38	21.45
Expenditure on recreational facilities	0.69	0.26

Note: *2005-06 figures are up to September 2005.

4.16 As regards the extent of coverage of the various Welfare Funds administered by the Ministry of Labour and Employment, the Ministry vide letter No. Z-2005/17/05-W.11 dated August 10, 2005 has, *inter alia*, informed the Commission that “*So far as number of workers actually receiving the benefits (along with amounts) is concerned, it is intimated that the actual number of workers receiving the benefits under different schemes are not maintained*”.

Varishta Pension Bima (2003)

4.17 This scheme is exclusively meant for unorganised sector workers aged 55 years and above. The scheme is fully financed by the investment of the beneficiary with an annual return of 9 per cent in the form of monthly pension. The amount of pension benefit varies according to the amount invested from a minimum of Rs.33,335/- to a maximum of Rs.2,66,665/-. The minimum and maximum monthly pension per month would be Rs.250/- and Rs.2000/-, respectively. The scheme is implemented by the Life Insurance Corporation of India (LIC). The Government provides subsidy to the LIC to the tune of the difference of actual pension payout @ 9 per cent and the amount actually earned by the LIC on the corpus. The amount of subsidy received by LIC from the Government for this scheme, which guarantees a pension of 9 per cent payable monthly, was about Rs.250 crores during 2005-06.

Janshree Bima Yojana (2000)

4.18 The Janshree Bima Yojana is targeted at the urban and rural poor who live below the poverty line or on the margin. The premium for the insurance cover would be Rs.200/- per annum of which 50 per cent would be borne by the Central Government through the newly set up Social Security Fund. The balance premium would have to be paid by the individual or some nodal agency or the State Government.

4.19 The scheme provides for payment of Rs.20,000/- to the nominee in the event of death of the policy-holder due to natural causes. In the case of accidental death or permanent disability, the benefit will be enhanced to Rs.50,000/- while in the case of partial disability, the policy-holder would get Rs.25,000/-. The scheme will be administered by the LIC and will be applicable to groups of at least 25 members. The groups will be identified and notified by the LIC in consultation with the designated nodal agency in specific areas. The nodal agencies could be the panchayats, non-governmental organisations, self-help groups (SHGs) or any other institutionalised arrangement.

Unorganised Sector Workers Social Security Scheme (2004)

4.20 As an outcome of the recommendations of the Second National Labour Commission, the Central Government launched the Unorganised Sector Workers Social Security Scheme (2002) on a pilot basis in 50 districts. It is available for unorganised and self-employed workers drawing salary/wage/income of not more than Rs.6500/- per month. The scheme is financed by contribution at Rs.50/- per month from workers in the age group of 18-35 years and Rs.100/- per month for workers in the age group of 36-50 years. The contribution of the employers is Rs.100/- per month while that of the government is 1.16 per cent of the monthly wages of the workers. The scheme includes the following three benefits:

- a) **Old-Age Pension Scheme:** This includes a minimum pension of Rs.500/- per month at the age of 60 years or permanent/total disability and family pension in case of the death of the worker.
- b) **Personal Accidental Insurance:** This provision includes accidental insurance of Rs.1 lakh.
- c) **Medical Insurance:** This includes a medical reimbursement of hospitalisation expenses up to Rs.30,000/- in a year and Rs.25,000/- for accidental death.

4.21 So far only 3,500 workers have been enrolled under the scheme. This scheme is virtually closed as it has no statutory backing, is voluntary in nature and has had no contribution from the employers.

Universal Health Insurance Scheme (UHS), 2004

4.22 The community-based Universal Health Insurance Scheme was launched by the four public sector general insurance companies in July 2003. The UHIS was redesigned in 2004-05 exclusively for persons and families below the poverty line with a premium of Rs.165/- for individuals, Rs.248/- for families of five persons and Rs.330/- for a family of seven. The benefits under the scheme were reimbursement of medical expenses up to Rs.30,000/- towards hospitalisation, an insurance cover for death due to accident of Rs.25000/- and compensation due to loss of earning at the rate of Rs.50/- per day up to a maximum of 15 days. However UHIS excludes maternity benefits and outpatients care. The coverage is around one crore persons during the current year.

Scheme for Handloom Weavers and Artisans

4.23 This programme offers the following benefits:

- a) **Thrift Fund Scheme:** Under this scheme, every member contributes 8 paise per rupee of wage earned while the Central and State governments contribute 4 paise each to the fund. The scheme is implemented by the Weavers Co-operative Societies/Corporations. It provides for temporary advance, and both partial and final withdrawal.
- b) **New Insurance Scheme:** This scheme is implemented by the United India Insurance Company and financed by the Central Government (Rs.60/-), State government (Rs. 40/-) and handloom weavers (Rs. 20/-) to share an annual premium of Rs. 120/-. The benefits include Rs.1000/- in the case of loss of dwelling due to natural calamities or fire, Rs.1 lakh in case of accidental death, reimbursement of hospitalisation charges up to Rs.2000/- and maternity benefits.
- c) **Group Insurance Scheme:** Under this scheme an assured sum of Rs.10,000/- will be given.
- d) **Pension Plan Scheme:** A sum of Rs.1000/- per month is given to a master craftsman who is unable to work due to old age.
- e) **Insurance for Powerloom Weavers:** This scheme insures workers in the age group of 18-60 years with an income of Rs.700 p.m. The Central and the State governments equally share the annual premium of Rs. 120/-. Benefits are given in the case of natural death (Rs.10,000/-) and accidental death (Rs.20,000/-). In addition, the accumulated amount in the beneficiary's running account earns an interest at 11 per cent per annum.

Krishi Samajik Suraksha Yojana (started on July 1, 2001 and closed on February 24, 2004).

4.24 This scheme was carried out in 50 identified districts to cover about 10 lakh agricultural workers. The Life Insurance Corporation of India (LIC) implemented the scheme, which covered agricultural workers in the age group of 18-50 years. The

worker was required to pay Re.1/- per day while the contribution of the government was Rs.2/- per day. Benefits included life-cum-accident insurance, a lump sum of Rs.4,000/- as money back after the tenth year and to be doubled after every next ten years till the age of 60; and pension ranging from Rs.100/- to Rs.1,900/- per month depending upon the age of entry. However, due to paucity of funds, the Ministry of Finance decided to close this scheme while retaining the scheme for the workers registered till February 24, 2004.

4.25 More than 2.53 lakh agricultural workers were covered under this scheme in 50 select districts in 28 States. There was also a demand from other districts for extension of the scheme to the agricultural workers in their areas, which was not agreed upon. The scheme was implemented either through the Gram Panchayats or through the nodal agencies. The demand of the nodal agencies for some amount of reimbursement of administrative expenses was rejected by the Ministry.

Umbrella Legislation for the Welfare of Construction Workers (1996)

4.26 One of the notable initiatives in regulating the conditions of work and provision of a measure of social security relates to the group of construction workers who form one of the largest segments of workers in the unorganised sector. Two umbrella legislations have been passed by the Parliament on the basis of which the States are expected to enact State-level legislations. These two Central Acts are:

- a) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996; and
- b) The Building and Other Construction Workers Welfare Cess Act (1996).

4.27 Following these Acts, the Building and Other Construction Workers (ECS) Central Rules, 1998 have been notified on November 19, 1998. The Act is applicable to every establishment that employs ten or more workers in any building or construction work, wherein the project is worth more than Rs.10 lakh. The Welfare Funds proposed in the Act are to be financed by contributions from beneficiaries, levy of a cess on construction works at a rate ranging between 1 and 2 per cent of the construction cost incurred by an employer and non-mandatory grants by the State/Central governments. The benefits include support in the event of accident, old age pension, housing loans, payment of insurance premium, children's education, medical and maternity benefits.

4.28 Under these umbrella legislations, all State governments are expected to enact their own legislations. So far only six States have enacted such legislations. Most of the other States are still in the process of adoption and implementation of these Acts. The State of Kerala was the first to bring about legislation on social security and welfare for construction workers, even before the Central legislation, which perhaps acted as a precursor to such a national level legislation. The State of Tamil Nadu also brought about legislation in 1997 under which one of the categories of employment included 'Employment in Construction Work'. The Boards and Funds set up for

providing a measure of social security for construction workers were set up in Kerala in 1990 and 1997 in Tamil Nadu.



State Level Initiatives

5.0 Apart from the Central government's initiatives on social security described in the previous chapter, a number of social security initiatives have also been taken at the state level. These initiatives, however, have been found to be uneven in terms of the coverage of both states as well as workers.

5.1 As regards statutory provisions, Kerala leads all other states with the available figures indicating that the large number of Welfare Funds currently being implemented have covered 54 per cent of the informal workers in the State. Tamil Nadu also has a system of Welfare Funds aimed at providing some social security to the workers in the unorganised sector. A relatively well functioning Welfare Board/Fund for head-load workers (*Mathadi* workers) exists in Maharashtra but it is yet to be extended to other workers in the unorganised sector. A few other states such as Gujarat, Karnataka, Andhra Pradesh and Madhya Pradesh have also established Welfare Boards/Funds for selected categories of workers. West Bengal has recently introduced a statutory provision of social security for the unorganised workers in the form of a Provident Fund. This model has now also been followed by the State of Tripura. Apart from these statutory provisions, a number of other schemes also operate in many, if not all, states.

5.2 With the exception of a few, most initiatives do not cover sickness. They mostly cover requirements such as accidental death and injury, maternity and some financial assistance for the education of children. As we have noted earlier, one of the major insecurities of workers stems from the frequent incidences of illness and need for medical care and hospitalisation of the workers and other family members.

5.3 Even in states with statutorily backed Welfare Boards and Funds, there is considerable scope for rationalisation of contributions and benefits. There is also a need for bringing down the costs of administration. Professional management systems are also required for the management of funds and for strengthening the delivery mechanisms. A table highlighting the main features of the social security schemes at the State level is given in **Appendix 5**.

5.4 Given the number of provisions (both in terms of Welfare Funds and schemes) addressed to specific categories of workers, there is a case for establishing a state-level board that will, *inter alia*, extend social security coverage to all the workers. At the same time, such a state-level body can also take care of the implementation of national level schemes. It is with this in mind that the Commission has proposed the setting up of an authority each at the national level as well as at the state level. They would be designed in such a way as to include the existing arrangements while ensuring a minimum level of security at the national level for all unorganised workers in the country, the details of which are discussed later in the report.

5.5 Brief reviews of the existing schemes currently under implementation in selected states are given in the following part of the chapter. While assessing the social security schemes for workers in the unorganised sector, our focus is mainly on the protective forms of social security. Two kinds of social security measures that have a wide coverage are described here. The first covers social security for the citizens as a group while the other covers workers in the unorganised sector.

KERALA

5.6 As the recent Human Development Report for Kerala indicates, unlike most other States in India, the State shows very little disparity in several social development indicators such as between rural and urban areas as well as between the male and female population (Centre for Development Studies, 2006). This is because the Kerala government, in response to sustained public action, has been providing a range of promotional and protective forms of social security, albeit in a limited measure, which cover an overwhelming majority of the population, especially those in the poorer households. This has helped Kerala to raise its level of human development for the population, in general, and the poorer sections, in particular (Kannan and Francis 2001). It has been argued that the earlier investments in human development, including protective social security measures, have now started paying off in terms of economic growth (Kannan, 2005).

Old Age Pensions for Destitutes and Rural Labourers

5.7 Pension schemes for the poor old aged persons cover all those above 60 years of age and those who are destitutes, widows, people with disabilities, and leprosy and cancer patients. A special pension is given to unmarried women above 50 years of age. In addition, the State government disburses pension as per the norms of the National Social Assistance Programme of the Government of India to destitutes above 65 years of age. During 2003-04, the Kerala government spent around Rs.150 crores on disbursement of old age pensions to the above-mentioned categories of poor. This included budgetary support of an amount of Rs.4.5 crores for payment of pension to old aged agricultural labourers (about 3.7 lakh persons) since the Welfare Fund of the agricultural labourers did not have the capacity to pay. Such budgetary support is also extended to a few other categories of workers such as coir workers and fishermen whenever their Welfare Funds fall short of the required financial resources.

5.8 A number of Welfare Funds in Kerala have instituted old age pension for their members. They include toddy tappers, head-load workers, cashew workers, khadi workers, coir workers, fish workers, handloom workers, liquor shop assistants, *beedi* workers, tailors and construction workers. In most cases, the monthly pension varies from Rs.100 to Rs.200. The details of these pension schemes are given in **Appendix 6**.

Welfare Funds for Unorganised Sector Workers

5.9 The successive Governments in Kerala found that the problems facing workers in the informal sector were due to lack of definite employee-employer relationships and insecurities arising out of the fluctuations in their income. The Welfare Funds thus signified an attempt to resolve these issues through institutional innovations.

5.10 At present, there are 23 Welfare Boards for the unorganised/informal workers functioning in Kerala (in addition to the Centrally administered fund for beedi and cigar workers). They cover a wide range of occupations and have come to be seen as an important institutional arrangement for providing a measure of social security to the informal workers. Details of these arrangements are given in **Appendix 7**.

5.11 Some of these Welfare Funds are statutory while the others are non-statutory. The contributions to these Funds are made by the workers, employers and the government. The current organisational model of these Funds is one in which a government officer is deputed to function as the Chief Executive while the other staff members are also deputed from various government departments. A Board, consisting of representatives from government, employers and employees, acts as a catalysing force to ensure the dynamic functioning of the Fund. However, the state continues to wield enormous power on crucial policy decisions.

5.12 The individual contributions of employers and employees is determined after taking into account a number of both specific and common factors. Therefore, the contributions of employers, employees and government vary across Funds, as no uniform or fixed pattern is commonly applicable for all the Funds. The diverse nature of occupations and differential earning opportunities and risks associated with each of them may be leading to such differences in contribution. It seems that the State's contribution to the Funds is relatively higher than that of the workers because of the latter's lower ability to pay. As we can see from Table 5.1, in some cases, a cess is levied on the product while in other cases, employers directly make contributions to the Funds. Thus, the rates of contribution vary in keeping with the nature of occupations.

Table 5.1: Details of Contributions under Different Welfare Funds in Kerala

Fund	Government	Employer	Employees
Toddy	—	13% of workers' wages	8% of the wages
Labour	Varies from year to year, till now Rs. 40 lakh in total	Rs. 8 per half year per worker	Rs. 4 per half year per worker
Head-load	—	25% of workers wages (including gratuity of 5%)	10% of wage
Transport	—	13% of workers' wages	8% of workers wages
Advocate Clerk	Rs. 90 per year per member	—	Rs. 60 per annum per member
Artisans	Rs. 2 per every Rs. 10 contributed by the worker	—	Rs. 10 per month per worker
Cashew	Twice the amount contributed by the employer	Re. 1 per worker per working day	50 paise per worker per working day
Khadi	10% of workers' wages	10% of workers' wages	10% of workers' wages
Coir	Grant which is twice the amount contributed by workers	1% of the turnover	Re. 1 per month per worker
Fishermen	Government contribution for pension and group insurance	Dealer - 1% of turnover, vessel owner – Re. 1 to Rs. 7 per month for 9 months. Net owner – Re. 1 per month	3% of value of fish caught or 3% of wage and Rs. 30 per worker per year
Handloom	Twice the workers' and self-employers' contribution	1% of annual turnover and an amount equal to workers' contribution	Re. 1 per month, Rs. 2 per month by self- employed
<i>Abkari</i>	Rs. 1 lakh for pension purpose	15% of workers' wages	10% of workers' wages
Construction	10% of initial members' contribution per annum	1% of construction cost yearly contribution also made by contractors (Rs. 100 to Rs. 1000)	Monthly contribution per member in slabs of Rs. 10, Rs. 15 and Rs. 25
Agricultural	—	Landowner's contribution 0-1 ha. Rs. 10 per year and above 1 ha. Rs. 15	Rs. 2 per month per worker
Lottery	20% of members' contribution	—	Category A/B Rs. 15/10 per month
Document	10% of members' contribution	—	Category A/B Rs. 15/10 per month
Auto-rickshaw	10% of members' contribution	Rs. 10 per month per worker	Rs. 20 per month per worker
Anganwadi	10% of members' contribution	—	Rs. 20 per month Rs. 10 per helper per month
Tailors	10% of the workers' contribution	Rs. 5 per month per worker	Rs 10/worker and Rs 15/ self-employee per month

Source: Government of Kerala, Economic Review 2004.

5.13 The coverage of workers across the Welfare Funds varies. Female workers outnumber males in the cashew, tailoring, coir and *beedi* industries. In the Cashew

Workers' Welfare Board, 96 per cent of the enrolled workers are female, while the corresponding figure in the Coir Workers' Welfare Board is 81.6 per cent. In contrast, in other Boards like those of Toddy Workers, Head-load Workers and *Abkari* Workers, above 90 per cent of the workers are male. The details are given in Table 5.2. The total coverage comes to 54 per cent of all informal workers in Kerala as in 2000.

5.14 The benefits accruing to workers vary across Funds. However, they seem to cover a number of aspects. Some of the major benefits are: Provident Fund, gratuity, monthly pension (old age), disability and accident cover, health cover, unemployment relief, educational allowance, housing assistance, marriage assistance and funeral expenses.

5.15 As we can see from Table 5.2, the average size of the Welfare Funds varies enormously in terms of the number of workers and financial capacity. The latter is influenced by variations in the workers' capacity to pay. Among the financially large Welfare Funds are those of construction workers, head-load workers and toddy tappers. The weaker Funds include those of agricultural labourers, khadi workers and handloom workers. During 2003-04, the total expenditure of 22 Welfare Boards was reported to be Rs. 175.13 crore which included expenditures worth Rs. 68 crore incurred by the Toddy Tappers' Welfare Board, Rs. 33.4 crore by the Head-load Workers' Welfare Board and Rs. 24 crore by the Construction Workers' Welfare Board. The administrative expense was around Rs. 23 crore or 13 per cent of the total expenditure.

Table 5.2: Coverage of Workers under Different Welfare Funds in Kerala (2003)

Category of Workers	No. of Workers (in 000') Covered under the Scheme
1. <i>Anganwadi</i> workers	40.7
2. Toddy tappers	41.3
3. Cashew workers	175.1
4. <i>Abkari</i> workers	2.0
5. Fish workers	220.6
6. Labourers*	508.5
7. Construction workers	1070.9
8. Khadi workers	14.6
9. Lottery workers	3.9
10. Motor transport workers	52.4
11. Coir workers	200.0
12. Handloom workers	24.9
13. <i>Beedi</i> and cigar workers WF	39.0
14. Auto-rickshaw workers	18.5
15. Head-load workers	80.7
16. Tailoring workers	299.3
17. Bamboo workers	11.5
18. Artisans	211.8
19. Traders	61.4
20. Ration dealers	12.5
21. Co-operative employees	20.6
22. Agriculture workers	1840.9
Total Informal workers covered	4951.1
Total Informal workers estimated by the Commission	9130.0
Percentage Covered	54.2

Source: Government of Kerala, Economic Review 2004.

TAMILNADU

Old Age Pensions

5.16 In Tamil Nadu, old age pension is available to (a) aged poor who are 65 years and above; (b) destitute and physically handicapped; (c) destitute widows; (d) destitute agricultural labourers; and (e) destitute/deserted wives. Presently, the total number of

beneficiaries under the various pension schemes is estimated to be 11.8 lakhs. Besides pensions, the beneficiaries are also entitled to clothing and foodgrains.

Annapurna Scheme

5.17 Under the Annapurna Scheme, foodgrains are distributed to the destitutes/senior citizens covered under the National Old Age Pension Scheme. The beneficiaries are given 10 kgs of rice per month free of cost. The Government of India has fixed a target of 71,974 beneficiaries for Tamil Nadu under the scheme.

Welfare Funds/Boards for Workers in the Unorganised Sector

5.18 Apart from the various social assistance schemes mentioned above, the State of Tamil Nadu has also set up Welfare Boards for providing social security to selected categories of workers in the unorganised sector. These are detailed below.

The Tamil Nadu Construction Workers' Welfare Board

5.19 The number of construction workers who have registered with this Board is 6.31 lakhs as on December 31, 2004. During the period from January 1, 2004 to December 31, 2004, a sum of Rs. 26.31 crores was received as contribution to this Board. A sum of Rs. 27.76 lakhs was collected as Registration Fee at the rate of Rs.25/- per worker. Identity cards have been issued to all registered construction workers free of cost. A number of schemes are being implemented under the Board which *inter alia* cover:

- (a) **Group Personal Accident Insurance Scheme:** All registered construction workers have been insured under Group Personal Accident Insurance Scheme. Every year, the Board pays the renewal amount of the premium to the insurance company. In the event of the death of a registered construction worker in an accident, a sum of Rs.1 lakh is paid to the nominee of the deceased. For the loss of limbs, eyes, etc., compensation up to Rs.1 lakh is paid depending upon the percentage of loss.
- (b) **Assistance for Education:** Financial assistance ranging from Rs. 1,000/- to Rs. 10,000/- per annum is provided for the education of the son/daughter of a registered construction worker, depending on the course of study and whether the student was a day scholar or lived in a hostel.
- (c) **Assistance for Marriage:** Assistance worth Rs.2,000/- is paid to a registered construction worker to help him/her meet his/her own marriage expenses as well as those of a son or daughter.
- (d) **Assistance for Maternity/Abortion/Miscarriage:** Assistance of a sum of Rs. 2000/- is paid to a registered woman construction worker to meet expenses incurred on the delivery of a child or on a miscarriage or termination of pregnancy.

- (e) **Assistance to Family in Case of Natural Death:** In the event of the death of a registered construction worker, a sum of Rs.10,000/- is paid as assistance to his/her nominee.
- (f) **Assistance for Funeral Expenses:** In the event of death (either natural or accidental) of a registered construction worker, the nominee is paid a sum of Rs. 2,000/- as assistance to meet the funeral expenses.
- (g) **Assistance for Reimbursement of Cost of Spectacles:** A sum of Rs.250/- is paid to 1000 workers every year towards reimbursement of expense incurred on the purchase of spectacles.
- (h) **Old Age Pension:** A pension of Rs.200/- per month is paid to workers who have been members of the Board continuously for five years and have attained the age of 60 years.

Tamil Nadu Manual Workers' Social Security and Welfare Board

5.20 A number of Welfare Boards for various categories of unorganised sector workers have been constituted in Tamil Nadu over the years. In order to ensure the proper management of these Boards, the Government amalgamated nine Boards with the Tamil Nadu Manual Workers' Social Security and Welfare Board with effect from July 21, 2004. These Boards were specifically meant to oversee the welfare of auto-rickshaws and taxi drivers, washermen, hairdressers, tailors, palm tree workers, handicraft workers, footwear and leather goods manufacturers and tannery workers, artists, and handloom and handloom silk weaving workers.

5.21 The manual workers who were already registered with the amalgamated Boards would continue to get the benefits under the Tamil Nadu Manual Workers' Social Security and Welfare Board. The Tamil Nadu Manual Workers' Social Security and Welfare Scheme, 2001, is applicable to 60 categories of employments out of 67 categories included in the Schedule to the Tamil Nadu Manual Workers' (Regulation of Employment and Conditions of Work) Act, 1982.

5.22 Benefits similar to those offered by the Construction Workers' Board are also available for Group Personal Accident Insurance. In the event of the death of a registered construction worker in an accident, a sum of Rs.1 lakh is paid to the nominee of the deceased. For the loss of limbs, eyes, etc., compensation of up to Rs.1 lakh is paid depending upon the percentage of loss.

5.23

Assistance ranging from Rs.1000/- to Rs.10,000/- per annum is paid for the education of a son/daughter depending on the course of study and on whether the student was a day scholar or lived in a hostel. Assistance worth Rs.2000/- each is offered for marriage and for maternity.

5.24 A manual worker has to pay a one-time contribution of Rs.100/- at the time of registration and has to pay Rs. 10/- once in two years for the renewal of registration. The number of workers registered from January 1, 2004 to December 31, 2004 is 58,959. The total number of workers registered so far is 7.02 lakhs.

Integrated *Beedi* Workers' Housing Scheme in Tamil Nadu

5.25 The State government is offering Rs. 5,000/- per house as State Government's subsidy for the "Integrated Housing Scheme for *Beedi* Workers" of the Government of India. As per this Scheme, the Government of India is providing a subsidy up to a maximum of Rs. 20,000/- or 50 per cent of the cost of construction of a house, whichever is less.

MAHARASHTRA

The *Mathadi* Workers' Welfare Board

5.26 The Maharashtra Government brought out a legislation in 1969 called "The Maharashtra *Mathadi*, *Hamal* and other Manual Workers' (Regulation of Employment and Welfare) Act, 1969", to provide a range of social security measures to the manual workers engaged in the loading and unloading of goods. This legislation was a culmination of a series of demands and representations made by the trade unions for a number of years.

5.27 Since 1969, the *Mathadi* labour market has been regulated by the *Mathadi* Tripartite Boards. Today there are around 50,000 registered employers with almost 150,000 workers registered under 39 different *Mathadi* Boards in the State of Maharashtra. Each of these Boards (sometimes even a group of smaller boards) is headed by a Chairman appointed by the Government of Maharashtra and in addition, there is an equal number of representatives from the workers' unions and employers'

associations. Each Board has its own staff members including the secretary, personnel officer, chief accountant, inspectors and clerks. All the staff members get paid out of the levy, which is negotiated every 3-4 years, charged on the employers.

5.28 Some of the main features of two of the *Mathadi* Workers' Boards are presented in Table 5.3.

Table 5.3: Main Features of Two *Mathadi* Boards

	The Goods Transport Unprotected Workers (1971)	The Cloth Market and Shops, Mumbai (1971)
As on	May 2005	March 2005
No. of Registered Employers	4,558	30,505
No. of Actual Workers	10,499	4,489
No. of <i>Tollies</i>	2,000 (Size 2 to 200)	Variable but very small
Average Monthly Wages for All Workers (Rs. in lakh)	4,88.72	1,13.95
Wages + Levy (Rs. in lakh)	6,84.21	1,69.27
Average Monthly Wages of Workers (Rs.) (Inclusive of Benefits)	6,516 (including levy)	3770
Total Annual Turnover (Rs. crores)	90.00	22 .00
LIC Policy Holders	3,523	473
Income Tax-payers	200	None (Prof. Tax paid in Rs. 1,98,490)
Administrative Staff	80	24
Administrative Expenses (Rs. lakh)	14.35	2,48.94
Unions	10 +	2
Membership Fees (Rupees per annum)	101	51
Dearness Allowance	CPI linked	CPI linked
P.F. Contribution by Workers	8.33%	8.33 %
Hospital Contribution by Workers (Rs. per month)	50	50
Profession Tax (Rs. per month)	15-30	15-30

Source: Ramesh C. Datta, 2005.

Benefits Provided by the Boards

5.29 The various benefits provided by the Boards are discussed below.

(a) **Regulation of Conditions of Work:** The main functions of a Board are to settle disputes between the Union(s) and the Employers, arrange meetings for negotiations, get new employers and workers registered, and distribute wages and social security benefits. At the workplace site, *Mukadam's* direct *tolli* workers distribute work and allocate workplaces, co-ordinate between the employers and the board, tally and give the 'daily work sheets' to the board, etc. They also have to handle disputes among the workers. The Board also undertakes long-term 'wage and work description' agreements between some major large companies including some MNCs and specific 'tollies of workers', under the Maharashtra *Mathadi*, *Hamal* and other Manual Workers (Regulation of Employment and Welfare) Act, 1969.

(b) **Health:** One of the major achievements of the *Mathadi* Workers' Boards has been their effort in starting hospitals and healthcare facilities for most of its workers including their families. In 1976, Anna Patil started a dispensary under a trust on a part-time basis. By 1978, it started working full-time. Today, two hospitals, with an annual budget of Rs. 4-5 crores, are run by six *Mathadi* Boards. In addition to this, there are 12 dispensaries. The hospitals have facilities for 75 beds. Each of the six boards contributes 2 per cent of its levy while each worker contributes Rs. 50/- per month. These hospitals provide a range of diagnostic services like radiology, pathology and sonography to around 1.1 lakh workers and their families. Besides, 5,907 workers also availed of the indoor medical facilities in the two hospitals during the year 2003-04.

During the last few years some of the *Mathadi* Boards have been able to get the workers insured against accident, injuries and death. For example, *Mathadi* Boards in Pune are paying Rs. 152/- per annum as premium out of the Board's administrative account to cover workers for a benefit of Rs. 25,000/- in case of injury and Rs. 2,00,000 in case of death. This scheme has been finalised by the *Mathadi* Board in consultation with the General Insurance Corporation (GIC).

(c) **Housing:** The *Mathadi* Boards have also helped about 4,000 of their workers to get housing facilities on ownership basis. For this purpose, the workers have taken loans from GIC and HDFC, and have also drawn money from their provident fund accounts.

(d) **Education:** The Boards are also trying to promote formal education among *Mathadi* families. Since 1982, they have instituted a number of scholarships for the children of *Mathadi* workers. More than 100 children were offered scholarships in 1997.

Financial Resources

5.30 A two per cent levy is deducted from each of the employers' total contribution given to the *Mathadi* Boards every month. Each worker makes an annual payment of Rs. 600/- from his wages towards healthcare for himself and his family members. Further details of these contributions are given in Table 5.4.

Table 5.4: Details of Income of *Mathadi* Boards (in Lakh)

Item	Year 2002-03	Year 2003-04
Worker's Contribution	190.16	179.14
Board's Contribution	304.72	322.38
Employees' and Employer's Contribution	6.24	6.25
Interest on Bank S/B and F.D. A/c.	78.28	75.52
Sundry Receipts	0.45	0.36
Non- <i>Mathadi</i> Patients' Receipts (Investigation)	0.76	1.94
Total:	580.63	585.62

Maharashtra Security Guards' Boards

5.31 The Maharashtra Security Guards' Boards were set up under the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1961. They work on the same lines as the *Mathadi* Boards. Under the Act, the employer as well as the security guards have to be registered with the Boards. The registered guards are assigned to the various employers. Through a single window system, the Boards provide training and benefits such as provident fund, gratuity, leave with wages, uniforms, ex-*gratia* and ESI to the registered security guards.

Financing

5.32 The Boards fix the wage rates on the basis of a negotiated settlement between the workers and the employers. If there were no agreement between them, the Board would fix the rates by itself. The current rate fixed by the Boards for a security guard is Rs. 2,750/-, which is much higher than the minimum wages fixed by the State government. The employers have to deposit the wages earned by the guards with the Boards along with a premium of 46.75 per cent for covering social security and other benefits.

KARNATAKA

The Karnataka Labour Welfare Board

5.33 The Karnataka Labour Welfare Board was constituted under the Karnataka Unorganised Workers' Welfare Act, 2002 to administer welfare schemes for these workers. It applies to 68 categories of employment in the unorganised sector under a specified schedule. This includes labour in agriculture, horticulture, floriculture, sericulture and arecanut gardening. *Beedi*, Ports and Mines workers are not eligible under the Scheme.

5.34 Almost all the benefits offered under this Scheme are in the form of financial assistance for specified purposes. These include: (a) medical assistance scheme, (b) financial assistance for the purchase of spectacles, (c) financial assistance for the purchase of hearing aids, (d) financial assistance for the purchase of artificial organs for the disabled, (e) financial assistance to pregnant women workers, (f) financial assistance to workers in the case of accidents, (g) Financial assistance to the family of the deceased workmen for performing the latter's last rites, (h) supply of Tri-cycles to disabled workers, (i) financial assistance for self-employment schemes, and (j) scholarship schemes for the children of employees studying in eighth standard and above.

ANDHRA PRADESH

Andhra Pradesh Labour Welfare Fund

5.35 Andhra Pradesh introduced the Labour Welfare Fund Board in 1998. The aim of the Board is to enrol factory workers, workers in shops and other establishments, and motor transport workers. The Board has set up the Andhra Pradesh Unorganised Labour Welfare Fund. As of 2002, it has enrolled about 10 lakh members and the annual collection from workers and employers is estimated to be around Rs. 72 lakhs. The annual contributory amount is Rs. 2/- for employees and Rs. 5/- for employers.

5.36 Since 1990-91, the State government has been giving an annual grant of Rs. 20 lakh. However, it has not contributed any grant during the last two years. The current corpus of the Fund is around Rs. 10.5 crores. The benefits offered to members and their dependents include scholarships for children, medical aid to workers, funeral expenses and emergent economic amelioration schemes. There is no provision for old age pension for the informal workers registered in the Fund.

GOA

The Goa Employment (Conditions of Service) and Retirement Benefit Act

5.37 The State of Goa has enacted The Goa Employment (Conditions of Service) and Retirement Benefit Act, 2005. According to this Act, the employer is required to issue Social Security Cards to the workers engaged by him in both the organised and unorganised sectors. Detailed information about the worker is embossed on the chip of his card.

5.38 **Coverage:** The Act covers all workers in all establishments in every industrial activity, including services and construction, and plantations. Only establishments engaged in agriculture and self-employed professionals are excluded from the Act.

5.39 **Benefits:** The Social Security Scheme under the Act provides retirement benefits to the unorganised sector workers who have completed 240 days of continuous employment. The contribution is to be made by the employer at the rate of 5 per cent of the gross wages of the workers and deposited in the Retirement Fund to be maintained by the Government. The contribution made by the employer in the worker's account is deposited with the Government along with an interest of 6 per cent or as fixed by the Government to be paid to the worker when he reaches the age of 50 years, or to his dependent/heirs in case of death of the worker before the age of 50 years. This scheme allows for portability of the benefits of the scheme if the worker changes his employer. The Registered Number on the Social Security Card does not change in case of a change of employer and is valid within the State of Goa.

WEST BENGAL

Provident Fund for Unorganised Workers

5.40 The West Bengal Government introduced a State-assisted Scheme of Provident Fund for Unorganised Workers under the Labour Department in 2001 through a Government Resolution.

5.41 **Coverage:** All wage and self-employed workers between the ages of 18 to 55 years in the unorganised sector in the state and with an average family income of not more than Rs. 3500/- per month are eligible to be covered by the scheme on a voluntary basis. Workers employed in nearly 50 industry groups and 16 self-employed activities listed in a schedule of employment are eligible for the provident fund scheme. As on September 2005, there were about 6.45 lakh subscribers of whom nearly 3.8 lakhs were women. The amount collected from subscription was nearly Rs. 26 crores by September 2005 and the government contribution upto March 2005 was about Rs. 20 crores. Each subscriber-worker contributes Rs. 20 per month with a matching amount contributed by the State government.

5.42 **Benefit:** The worker receives the total contribution along with the interest on attainment of the age of 55 years. In the event of death of the worker, the total amount, contribution plus interest, is paid to the nominee. In the event of prolonged default for a consecutive six months, the accrued amount is refunded to the workers. The account is revived if the contributions are made up to date. The State government may prescribe provisions for loans and withdrawals from the fund as and when deemed necessary.

Building and Construction Workers (Regulation of Employment and Conditions of Service) Act, 2004

5.43 The above legislation is in accordance with the umbrella legislation under the Building and Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 of the Government of India. Subsequently, a West Bengal Building and Other Construction Workers Welfare Board was set up to provide various benefits to the registered beneficiaries. These are listed below.

5.44 **Benefits:** A registered beneficiary, who has been working as a building worker for not less than five years after registration as a beneficiary, shall, on completion of 60 years of age, be eligible for pension at Rs.150/- per month. An increase of Rs. 10/- may also be sanctioned by the Board on the completion of every year of service beyond five years. The Board may sanction a maximum amount of Rs. 2000/- per annum to a registered worker towards medical expenses for the treatment of the beneficiary or his dependents suffering from TB, cancer, heart disease, kidney disease, leprosy, etc. In cases where an operation is involved for the treatment of such diseases, a maximum amount of Rs. 15,000/- may be sanctioned. The Board may also sanction financial assistance for the education of the children of such beneficiaries. The Board provides maternity benefit to a female beneficiary not more than twice.

5.45 Financial assistance to the beneficiaries may be sanctioned for hospitalisation for a period of five days or more due to accident at Rs. 200/- per day for the first five days and Rs. 20/- per day for the remaining days, subject to a maximum of Rs. 1,000/-. In case of disability, the Board may sanction up to Rs. 10,000/-. It may also sanction an amount of Rs. 10,000/- to the nominee of the dependents of a beneficiary towards death benefit. If the death is caused by an accident during the course of employment, the nominee or dependent of the beneficiary may be paid Rs. 30,000/- as death benefit.

TRIPURA

Assisted Scheme for Unorganised Workers (Asanghatita Shramik Shayika Prakaipa)

5.46 The Government of Tripura introduced an Assisted Scheme for Unorganised Workers (*Asanghatita Shramik Shayika Prakalpa*) in 2001. This Scheme is very similar to the Provident Fund Scheme of the West Bengal government. All wage and self-employed workers between the ages of 21 to 55 years in the unorganised sector in the state and with an average family income of not more than Rs. 3500/- per month are eligible to be covered by the scheme on a voluntary basis. Workers employed in 15 industry groups and 17 self-employed activities listed in a schedule of employment are eligible for the benefits under the scheme. At the time of enrolment of the worker under the scheme, an identity card-cum-passbook are issued to the worker under the signature of the authorised officer on deposit of Rs. 5/- only. Each subscriber-worker has to contribute Rs. 25/- per month with a matching contribution by the State Government.

5.47 **Benefit:** The worker receives the total contribution along with the interest on attainment of the age of 55 years. In the event of death of the workers, the total amount, contribution plus interest is paid to the nominee. In the event of prolonged default, not paid for six months, the accrued amount is refunded to the workers after a lock-in period of three years. The account is revived if the contributions are made up- to- date.

Tripura Beedi Shramik (Old Age Pension) Scheme (2001)

5.48 A person who is fully engaged in and dependent on the manufacture of *beedies* for his/her livelihood and has attained the age of 65 years is eligible to get a pension of Rs. 125/- per month under this scheme.

GUJARAT

The Gujarat Rural Workers Welfare Board

5.49 The Government of Gujarat has raised a social security fund of Rs. 5 crores under the poverty alleviation programme. The Gujarat Rural Workers' Welfare Board administers four insurance schemes under this programme for rural workers. These are the: (a) Group Insurance Scheme for Landless Agricultural Labourers, (b) Group Insurance Scheme for Fishermen and Forest Workers, (c) Group Insurance Scheme for Salt Workers, and (d) Shramik Suraksha Scheme for both rural and urban unorganised workers. There is another Financial Assistance Scheme for the welfare and development activities of agricultural labourers and rural workers.

Welfare Scheme for Salt Workers

5.50 The State Government has implemented the following schemes for the 45,801 salt workers located in 35 talukas of 13 districts of the State through the Gujarat Rural Workers' Welfare Board. These are: (a) construction of welfare centres such as *balvadis*, primary health centres, libraries, etc., (b) setting up of children's crèches at worksites, and (c) offering financial assistance for housing. Identity cards are also issued to the salt workers.

PUNJAB

Old Age Pension

5.51 The old age pension scheme was started as early as 1964 in the State of Punjab. The eligibility for the pension scheme is the attainment of the age of 65 years for men and 60 years for women. There is an economic limit of Rs. 1,000/- for the monthly income, if the applicant is single and up to Rs. 1,500/- per month for a family of two. Further, he/she should be a *bona fide* resident of Punjab and should have been residing in Punjab for at least for 3 years. A pension of Rs.200 per month per beneficiary is paid on a quarterly basis through designated banks.

Financial Assistance to Widows and Destitute Women

5.52 A similar pension scheme for destitute women and widows was started in 1968. The applicant is eligible for benefits under this scheme if she has attained the age of 60 years, is a *bona fide* resident of Punjab and has been residing in the State for the last three years. Widows or women deprived of their husbands' support for any reason and unmarried destitute women of 30 years of age and above, are also eligible for financial assistance under this scheme. A monthly pension of Rs. 200/- per beneficiary is paid on a quarterly basis.

Financial Assistance to Dependent Children

5.53 The benefit of another similar scheme is also available for orphans and destitute children below the age of 21 years. This scheme was also started in 1968. The criterion for eligibility under this scheme is that the income of the child's mother or father/guardian should not exceed Rs. 1000/- per month. In cases where the parents are alive, and the joint income of both the mother and father does not exceed Rs. 1500/- per month, financial assistance is restricted for only up to two children. Relaxation in the income limit to the extent of Rs. 300/- per child for a maximum of two children is admissible. The pension amount is Rs. 200/- per month per beneficiary, which is to be paid quarterly.

Financial Assistance to Disabled Persons

5.54 Under this scheme, which has been operational since 1982, handicapped persons with severe disability or permanent infirmity caused by blindness, retardation or chronic illness are eligible for a pension of Rs. 200/- per month. if the income of the person concerned and his/her spouse or parents is not more than Rs. 1000/- per month.

Punjab Labour Welfare Board

5.55 The Punjab Labour Welfare, Board, a statutory body, was created in 1974 under the Punjab Labour Welfare Fund Act, 1965. It is headed by the Welfare Commissioner, Punjab. The Board is implementing various welfare schemes for the benefit of industrial workers and their families.

HARYANA

Old Age Pension Scheme

5.56 This scheme aims to provide social security to old persons who are unable to sustain themselves from their own resources. Applicants have to be residents of Haryana and aged 60 years or above. A monthly pension of Rs. 200/- is provided to each of the beneficiaries.

Pension to Widows and Destitute Women

5.57 Under this scheme, a monthly pension of Rs. 200/- per beneficiary is provided to widows and destitute women, or married women who have been deprived of financial support from their husbands and whose income from all sources is less than Rs. 10,000/- per annum. The pensioner should be 18 years of age or above and a domicile of Haryana.

Pension to Physically Handicapped Persons

5.58 This scheme, which provides a monthly pension of Rs. 200/- to all beneficiaries, is intended for people with a minimum of 70 per cent disability including the blind, deaf and dumb, those with very low IQ, and the mentally retarded. The pensioners should be domiciles of Haryana and age 18 years or above. Their income should not exceed Rs.10,000/- per annum.

Financial Assistance in the Event of Accident

5.59 This scheme is being run by the Haryana Labour Welfare Board since 1992. It provides financial assistance to workers who meet with an accident during the duty period. The application should be received within a year of the accident. The financial help offered varies from Rs. 5000/- to Rs. 10,000/- on the basis of the disability percentage fixed by the Government hospitals/ESI Board. In addition, a sum of Rs. 5000/- is provided to the nominee of the beneficiary if the latter meets with a fatal accident.

Haryana Labour Welfare Board

5.60 The Haryana Labour Welfare Board was constituted under the Punjab Labour Fund Act, 1965. This Board is running various welfare programmes for the workers, which include cash award to the children of industrial workers, the *Mukhya Mantri Shram Puraskar Yojana*, financial help to workers on the occasion of a daughter's marriage, reimbursement of computer education expenses, incentive under the family welfare scheme, excursion-cum-study tours for workers, etc. The Haryana Labour Welfare Board also runs a scheme offering financial assistance to workers who meet with an accident during the duty period. The application should be received within a year of the accident. The financial help provided varies from Rs. 5000/- to Rs. 10,000/-

on the basis of the disability percentage fixed by the government hospitals/ESI Board. In addition, a sum of Rs. 5000/- is provided to the beneficiary's nominee if the former meets with a fatal accident.

UTTAR PRADESH

5.61 The State of Uttar Pradesh is the largest State in India but has a lower per capita income than the national average. Apart from a couple of social assistance schemes for the poor aged and the disabled, which offer very limited coverage, no scheme has been reported for providing social security to the vast number of workers in the unorganised sector in the State.

Old Age *Kisan* Pension Yojana

5.62 The beneficiaries under this scheme receive Rs. 125/- per month on reaching the age of 60 years. The scheme also provides a grant to destitute widows for the marriage of their daughters.

***Viklang* Pension Scheme**

5.63 A pension of Rs.125/- per month is provided to destitute and handicapped persons with a monthly income of below Rs. 225/-.

Welfare of Handicapped

5.64 A number of schemes have been operational in the State for the welfare of the handicapped, including grant-in aid for maintenance to destitute handicapped, scholarship to the handicapped students and to the children of handicapped persons, grant-in-aid for purchase of artificial limbs, hearing aids, etc., award for marriage between disabled and normal persons, and grant to handicapped persons for the construction of shops is available. Also, as part of a welfare measure, twelve schools for handicapped children are functioning in the State, where the children are provided free education, boarding and lodging. Of these schools, four are for the visually challenged, four for the hearing and speech challenged, two for the physically challenged and two for the mentally challenged. Recently, seven workshops-cum-production centres for imparting free vocational training with free boarding and food facilities for the handicapped have also been opened.

MADHYA PRADESH

5.65 The Government of Madhya Pradesh constituted an Unorganised Sector Workers Committee in 2001 to study the conditions and make recommendations for improving the working conditions and social security needs of the workers in the unorganised sector. It presented its report in 2002 and recommended legislation to provide a measure of social security to the workers in the unorganised sector.

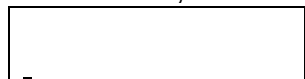
Two Welfare Boards/Funds for Urban and Rural Areas

5.66 On the basis of the powers conferred by the Madhya Pradesh Unorganised Welfare Act, 2003, the State Government laid down the Madhya Pradesh Unorganised Welfare Rules, 2005, relating to the constitution of a Welfare Board, its functions and other matters. This Act is applicable to all the categories of employment specified in the Schedule and covers agricultural and allied workers, quarry and brick kiln workers, manual workers engaged in loading and unloading in markets, shops, markets under the control of the Madhya Pradesh Krishi Upaj Mandi Adhiniyam, 1972, public transport and food godowns, workers in the khadi, handloom, powerloom, dyeing, printing and tailoring industries, workers making *agarbattis*, embroidery items, ready-made garments, food products like pickles and *papads*, cooked food and toys, workers in the leather and footwear industries, those engaged in cleaning and scavenging, rag-picking and door-to-door collection of old newspapers, *raddi* and *kabadi*, motor transport workers under the Motor Transport Workers Act, 1961, workers plying cycle-*rickshaws*, auto-*rickshaws* and taxis, workers in flour, rice and *dal* mills, private security services, plastic industries, wood works, utensil making, artisans, fireworks and match-making, and cartons and other packaging materials.

5.67 Two separate Welfare Boards for Unorganised Workers were constituted for the rural and urban areas in the State. Each of them consisted of the Minister for Labour as the Ex-officio Chairman, Secretary to the Labour Department and Finance Department, Labour Commissioner, six members appointed by the Government representing employers of the unorganised sector and six members representing unorganised workers, two of whom had to be women, and one each belonging to the Scheduled Castes (SCs), Scheduled Tribes (STs) and Backward Castes (BCs). Two separate Madhya Pradesh Unorganised Sector Welfare Funds were constituted for the rural and urban areas, which were to be administered by the Board.

5.68 The benefits to be extended to all the members who have contributed to these Funds are: old age, family and disability assistance and pension, loan for purchase or construction of house, interest subsidy for housing loan taken from a housing finance institution, assistance for education like scholarship, loan, interest subsidy for education loan, cash award for meritorious students, loan for tools and small machines, interest subsidy for loans for supplementary income-generating activities, marriage assistance, medical assistance, maternity assistance, group insurance, assistance for payment of insurance premium, funeral assistance and *ex-gratia* payment in case of death. These benefits are normally credited into the bank account of the member.

5.69 There is also a provision for the registration of the establishments to which the Act applies and for the contribution of the employer based on the number of workers in the establishment. Similarly, there is also a provision for contribution by the workers. No amount has, however, been specified in the Act.



BIHAR

State Social Security Pension

5.70 Under this scheme, old persons, widows, destitutes, handicapped persons and bonded labourers are covered. A pension of Rs. 100/- per month is paid to old persons, who are aged 60 years and above, with an annual income of Rs. 5,000/- in rural areas and Rs. 5500/- in urban areas. There is a relaxation of the age limit for widows, handicapped persons and bonded labourers. The State Government provides 100 per cent funding for the scheme.

NGOs' Intervention in the Social Security of Unorganised Sector Workers

6.0 A large number of voluntary and people's organisations are involved in providing a measure of protective social security to workers and their families in the unorganised sector in the country. However, such provision is often part of a larger package of services that include promotional social security such as access to micro-credit, housing, preventive healthcare and employment. For the purposes of this report, we have selected organisations in the voluntary sector, which provide protective social security in one way or another.

6.1 In view of the absence of a single data source on the voluntary organisations, we had to rely on the available information compiled by international organisations, especially the International Labour Organisation's (ILO's) New Delhi Office, and information that was directly made available to the Commission. The observations in this report are based on data obtained from 54 organisations.

6.2 The total number of individuals covered by various social security schemes undertaken by NGOs is around 33.51 lakh. In addition, about 1.06 lakh households have been covered as beneficiary units under various schemes. Further, community schemes cover around 40 villages. If all these are converted into individual coverage, it would amount to around 48 to 50 lakhs. This accounts for about 1.5 per cent of the estimated workforce in the unorganised sector. Even if we assume that a number of small organisations might have been left out of the data set, it is quite unlikely for the entire voluntary sector coverage to be more than two to three per cent of the total workforce in the unorganised sector. **Appendix 8** gives a profile of the organisations involved in social security schemes.

6.3 The low coverage as a proportion of the total workforce by the NGOs should, however, not be used to underplay the contribution of the voluntary sector in this field. In fact, it the contribution of the voluntary sector highlights a variety of best practices used by it as also the task of building, albeit slowly, institutional models that are closer to fulfilling the needs of the people at the grassroots level. A few large organisations that have been covering several districts in more than one state, have established themselves as people's organisations managed by highly dedicated and educated leaders, who have emerged as the catalysers of socio-economic change in the country.

6.4 The geographical coverage of organisations shows that they are concentrated in the three southern states {Andhra Pradesh (16), Karnataka (8) and Tamil Nadu (12)}, the two western states of Gujarat (5) and Maharashtra (10), and one eastern state, i.e. West Bengal (5). As described in the previous chapter, Kerala (5) has a well-developed state-initiated and supervised protective social security system in the form of

Welfare Funds/Boards, which explains the small presence of the voluntary sector in the State. However, the absence of the voluntary sector in most other states, especially in the large states of Uttar Pradesh (3), Bihar (1), Chattisgarh (1), Madhya Pradesh (1), and Orissa (3), is accompanied by the low presence or complete absence of any state-initiated social security system. This should indeed be viewed as a matter of concern.

6.5 It should be emphasised that most social security schemes in the voluntary sector were initiated in the early 1990s. Out of the 43 schemes for which data were available, 70 per cent were started in the early 1990s, and 30 per cent between 2000 and 2003. This indicates that the issue of protective social security has recently entered the agenda of the voluntary sector.

6.6 Out of the 45 schemes for which data were available, 45 per cent accounted for a coverage of less than 10,000 members, 40 per cent covered 10,000 to 100,000 members, while the remaining accounted for a coverage of more than 100,000 members. This includes a scheme that covers 100,000 households.

6.7 The predominant form of social security provided by these organisations was in terms of coverage for health-related risks. Of the total, 34 schemes provided health insurance services. The next item accounting for the maximum coverage was insurance cover for death under 28 schemes followed by 13 schemes providing cover for disability. Maternity benefit (2 schemes) and old age pension (4 schemes) were quite low in the order of priority. Most of the schemes dealt with single risk (38), mostly in the area of health insurance. While nine schemes covered two risks, eight covered three risks, and only one scheme covered four risks.

Health Insurance

6.8 In India, the prices prevailing in the market for health are beyond the reach of the poor, who are often compelled to access health services at the market rates with disastrous consequences for their already fragile economic status. The public system is supposed to provide free healthcare services to the poor, but this objective is seldom realised for a variety of reasons, including the poor state of the public healthcare system, especially in rural India. This state of affairs may explain the popularity of community-based health insurance systems initiated by the voluntary organisations. The NGOs run different types of health insurance schemes, each of which may be suitable, depending on the characteristics of the target population and their health profile, as also the health risks to which community is exposed.

6.9 There are two ways of providing health insurance in the voluntary sector. In the first and popular case, the organisation acts as an intermediary between a formal provider and the insured community {as in the case of two large organisations, i.e. the Self Employed Women's Association (SEWA) in Ahmedabad, and Action of Community Organisation, Rehabilitation and Development (ACCORD) in the Nilgiris}. In the second case, the organisation itself provides insurance to the targeted community. The formal providers in the first case are mostly insurance companies in the public sector such as

the National Insurance Company, New India Assurance Company, United India Insurance Company, Oriental Insurance Company, and the Life Insurance Corporation of India. Two private sector companies that have now made their presence felt in the schemes sponsored by the voluntary organisations are ICICI and HDFC.

6.10 As mentioned earlier, most of the social security package consists of health insurance. A majority of the schemes provide assistance for meeting illness-related expenses including consultation, outpatient treatment and hospitalisation. However, these schemes differ from each other. Presently, the coverage accounts for around 28.91 lakh people, along with a number of families and villages that are being provided healthcare. Thirteen of the voluntary organisations club healthcare with life insurance and disability, covering 7.23 lakh beneficiaries, including 4000 families and 1200 couples.

Life and Disability

6.11 The healthcare schemes are followed by schemes for 'life' insurance, which covers both natural and accidental death. About 22 organisations have included life insurance in their social security package, in which 19 schemes are clubbed with other packages. Organisations like Co-operative Development Foundation (Andhra Pradesh), Sangamitra (Karnataka) and Grameen Development Service (Uttar Pradesh) offer a package for life insurance alone. About 13 organisations provide disability allowance.

6.12 **Link with Insurance Company:** Out of the 54 organisations reviewed, half of them (28) already work in collaboration with a formal insurance company for providing the insurance package. The Trivandrum District Fishermen's Federation is the only organisation that has secured finance from a non-insurance company: it takes loan from the *Rashtriya Mahila Kosh* to provide social security to fishermen and their families. It may be noted that out of 21 organisations offering healthcare alone, only 3 have links with any insurance company while the rest of the schemes provide the insurance benefit from their own premium collected/fund. However, out of 33 organisations providing other benefits (this also includes schemes clubbed with healthcare), 27 are working in collaboration with one or the other of the insurance companies.

6.13 **Premium:** In most of the schemes, the premium ranges from Rs. 50/- per year to Rs. 200/- per year, depending on the income of the beneficiary. There are higher premium rates also in the range of Rs. 3000/- (as in the case of the Voluntary Health Service meant for rural villagers and urban dwellers), Rs. 1000/- (as in the case of the Co-operative Development Foundation in Andhra Pradesh which is meant for primary agricultural workers) and Rs. 500/- (in the case of Activists for Social Alternatives, which is meant for villagers engaged in animal husbandry and trade and craft). Since most of the organisations offer different packages for different benefits, the premium also has to be paid separately. But SEWA's Integrated Insurance scheme is an exception wherein one can avail of all these benefits by paying a single premium of Rs. 100/-.

6.14 Benefits: The benefits included under the health insurance schemes are mainly reimbursement of hospitalisation and out-patient treatment. It ranges from benefits as low as Rs. 250/- to Rs. 30,000/-. Remuneration for hospitalisation covers a wide range of illnesses but mostly excludes congenital and chronic diseases. Most of the NGOs pay a higher remuneration in the case of natural or accidental death; SEWA, for instance, offers up to Rs. 65,000/- for accidental death. Even the compensation given for disability is as high as up to Rs. 50,000/- by NGOs like ANKURAM (Andhra Pradesh) and NIDAN (Bihar). However, the range of benefits offered varies according to the premium paid.

6.15 Even though the schemes offer such significant benefits, in most of the cases, they are operated in such a way that the beneficiary has to pay out of his pocket at the time of illness and is reimbursed only later by the provider, which, in most cases, is some insurance company. For this reason, there is a good chance that people may avoid hospitalisation and treatment in the fear that all their costs may eventually not be reimbursed. On the other hand, in cases of assistance offered for funeral expenses and disability, they don't have an option and the amount given by the provider comes as a boon for the beneficiary and his/her family.

6.16 Studies have shown that even if the poor are insured under any scheme, they may fail to use it because they do not understand the significance or implications of insurance; they also may not have the confidence to use the service they have paid for, or they may simply forget that they are insured. So first-time buyers of the insurance services need to be nursed even after they have made the purchase.

Old Age Pension

6.17 There is little involvement of the voluntary sector in providing pension schemes to the unorganised sector workers. This is perhaps understandable in view of the fact that pension schemes require long-term planning involving the collection of contributions, management of funds and assurance of a pre-determined pension amount during the old age period. However, three voluntary organisations have come up with pension schemes- SEWA (Gujarat), DHAN (Tamil Nadu) and Anna Purna Mahila Mandal (Maharashtra).

6.18 The Gujarat-based Self Employed Women's Association (SEWA) plan for social security is widely regarded as one of the more successful ones in this field. SEWA has established a bank daily collection initiative that brings a collection post to women on a daily basis. These are women who work between 14 and 16 hours a day, and cannot therefore find time to travel to the local bank and make deposits. Most members of the social security scheme earn less than Rs. 100/- per day and do not have any formal education. SEWA Bank initially guaranteed a nominal return of 12 per cent, and upon maturity, the money was returned as either a lump sum or in an annuity format to the beneficiary. As of 2002, SEWA initiated a new plan offering only 7 per cent return with lower minimum contributions and the removal of early withdrawal options. Already SEWA Bank has over 5,000 accounts managing almost Rs. 7.5 million. The SEWA

Bank scheme serves as an example worth emulation for many Self-Help Groups (SHGs) across India.

6.19 The women members of Annapurna Mahila Mandal in Maharashtra mobilise their small savings and once the amount reaches Rs. 5000/-, it is invested in an LIC pension scheme. The savings amounts, invested by LIC in sound securities, double every six years and after 20 years, the amount becomes Rs. 50,000/-. On this principal amount, a fixed amount of Rs. 500/- per month is paid to the woman beneficiary as old age pension. The principal can be paid to her nominee at the time of her death but the nominee is not eligible for the amount if the beneficiary's death is not natural.

Others

6.20 SEWA has a social security scheme for women workers in the event of their becoming widows. They give an amount of Rs. 15,000/- on widowhood on various premium levels of Rs. 85/-, Rs. 200/- and Rs. 400/-.

6.21 SEWA and WWF (Working Women's Forum, India) are the only two NGOs who provide maternity benefit. SEWA Gujarat gives the women members Rs. 300/- for every incidence of childbirth.

6.22 Bharathi Integrated Rural Development Society (Andhra Pradesh) is the only NGO that has a provision for funeral expenses. It gives an amount of Rs. 500/- for immediate funeral expenses that cover both the member and spouse at a premium of Rs. 50/- per client per year.

Distinctive Practices Among NGOs

6.23 As part of its special project on reproductive healthcare for women in partnership with the United Nations Population Fund, the Working Women's Forum, India (WWF) selects and trains women cadres from the poorer neighbourhood communities to work at the grassroots level and use their marketing skills to advocate the need for healthcare among the poor. WWF's healthcare programme conceptualises a human-centred approach covering a wide spectrum of women from birth to adolescence to the reproductive age groups and even beyond the reproductive stage, among the older age group of women. The healthcare system of WWF has had an impact on a population of about 1 million in 720 slums and 340 villages through 960 health cadres operating at the grassroots level.

6.24 Further, the WWF has evolved a comprehensive Social Security Programme for its members by networking several insurance companies. Presently, about 5 lakh members are covered under the scheme for insurance for life, full/partial disability, accidents and crisis management to facilitate rehabilitation during natural calamities. An innovative Health Insurance Programme initiated by WWF provides for maternity benefits, reimbursement of hospitalisation expenses and the organisation of preventive health check-ups.

6.25 For protective social security, the Self Employed Women's Association (SEWA) offers a risk cover to its members in an integrated manner. For a premium of Rs. 60/-, an individual member is covered for illness, accident and disability, natural death, and loss of assets due to fire or flood, and also receives a maternity benefit. The accidental insurance for members and their spouses is carried out in collaboration with New India Assurance (NIA), while insurance for natural death and accident is still done by LIC. An annual premium of Rs. 60/- entitles an individual SEWA member to all the benefits like risk coverage for maternity, natural and accidental death of the member and spouse, and loss of assets during riots, flood, fire or theft. For an additional payment of Rs. 15/- per annum, the husband of the member is also covered under the life insurance component of the LIC scheme. The other products are only available to SEWA members. SEWA has designed another method to enable members to pay the premium. For the Lifelong Insurance Scheme or Fixed Deposit Scheme, the members pay a fixed deposit of Rs. 500/- to the SEWA Bank and the premium is paid from the interest rate, which amounts to exactly Rs. 65/-. If the husband is to be covered under the life insurance scheme, the fixed deposit has to be Rs. 700. The Fixed Deposit customers get the maternity benefit as a bonus.

6.26 Recently, SEWA has re-negotiated the scheme with the insurance company, and it is now known as the SEWA PACKAGE 2006 wherein two options are made available to its members. Under option 1, the woman member pays Rs. 100/- as premium and avails of benefits for natural death (Rs. 5000/-), Mediclaim (Rs. 2000/-), fire insurance (Rs. 15,000/-), accidental death compensation of self (Rs. 35,000/-) and death of spouse (Rs. 15,000/-). Under option 2, on payment of a premium of Rs. 225/-, the benefits offered are for natural death (Rs. 10,000/-), Mediclaim (Rs. 6000/-), fire insurance (Rs.30,000/-), and accidental death compensation of self (Rs 45,000/-) and death of spouse (Rs. 15,000/-). SEWA carries out all the tasks associated with the scheme itself including premium collection, promotion, education, servicing, claim processing, accounts and record-keeping. In other words, all the functions of the insurance company except taking of the risk are undertaken by SEWA.

6.27 In order to meet the healthcare requirements of *adivasis*, ACCORD, which is working exclusively in the Nilgiri district of Tamil Nadu, started by setting up a hospital in December 1990. Later, in collaboration with the Adivasi Munnetra Sangam (AMS) and Association for Health Welfare in the Nilgiris (ASHWINI), ACCORD launched a Community Health Insurance (AAA-CHI) scheme in 1992. The premium (with each member paying an average of Rs. 22/- per annum) is not adequate to cover the entire cost. This is taken care of by a subsidy on premium funded by a Dutch donor agency (called CEBEMO) while the rest of the money comes in the form of a cross-subsidy from the non-tribal population. While AAA has insured tribals on a mass scale with a formal insurance company (Royal Sundaram Alliance [RSA] Private Ltd.) by paying the total premium for five years, the tribals repay this premium on an annual basis. The premium collected as well as the details of those insured are handed over to the hospital accountant once a month. There are two benefit packages – a package provided by the insurance company to AAA and another one provided by AAA to the *adivasis*. RSA assures hospital care with an upper limit of Rs. 1000/- per patient per year, which

includes most common ailments but excludes psychiatric illnesses. AAA thus offers a more comprehensive package to the *adivasi* community.

6.28 Further, any claim for hospitalisation for an excluded illness is not taken up by ASHWINI and claims are made only to a maximum amount of Rs. 1500. The insurance company, in turn, reimburses ASHWINI on a regular basis, usually after a lag time of three to six months. The reimbursement rates have been in the range of 95-100 per cent. The scheme could overcome the issue of affordability by adopting a reduced premium rate. As insurance was a new concept, ACCORD paid Rs. 65/- per *adivasi* in the first round. Later, the members were asked to repay at a rate of Rs. 4/- per person initially, and the amount was gradually raised to Rs. 6/-, and then to Rs. 8/- in the subsequent years. In this way, the entire premium is repaid by the *adivasis* within a span of five years.

6.29 The Karuna Trust (KT) in Mysore along with the National Insurance Company (NIC) offers the following insurance package in a public-private partnership initiative. For a premium of Rs. 30/- per person per annum, the insurance company pays, in the event of hospitalisation, Rs. 100/- per day per patient (of which Rs. 50/- per day is given directly to the NGO for the purchase of drugs while Rs. 50 per day is given to the patient in lieu of loss of wages) with a maximum cover of Rs. 2,500 for all in-patient care at public health facilities. The package includes all kinds of illnesses and diseases, with no exclusion nor any waiting period involved. The premium was subsidised fully for the poor (defined as Below the Poverty Line households) SC/ST population, and partially for BPL non-SC/ST households while there was no subsidy for Above the Poverty Line (APL) households. The scheme, however, faces the problem of sustainability as UNDP cannot be expected to continue to subsidise the premium.

6.30 Another public-private partnership initiative is evident in an initiative taken by the Vivekananda Foundation that signed a Memorandum of Understanding (MoU) in 1996 with the government of Karnataka. The Thithimathi Primary Health Centre (PHC) was handed over, along with the assets and equipment, to the Foundation for a period of ten years. It was decided that 25 per cent of the personnel cost would be met by the Foundation while the government would pay Rs. 75,000/- per annum for drugs. The government has a policy of not collecting user fee at the PHC level. Gradually the health centre was converted into a ten-bed hospital which can also provide secondary health services. Presently, the Thithimathi PHC covers about 13,569 people.

International Experience

7.0 The Commission feels that it is important to examine, albeit briefly, the international experience in the provision of social security, especially of a protective nature, so as to draw some lessons for India, keeping in mind its own level of income, structure of the economy and the need to provide social security. With this objective in mind, the Commission has made a quick *de tour* into: (a) the historical experience of Western countries, (b) the contemporary experience of developing countries with a record of extending social security beyond those working in the organised sector, and (c) the recent experience of countries, especially in Asia, in extending social security.

7.1 The notion that social security, especially of a protective kind, is not affordable for countries with low levels of income is quite widespread, even among some sections of scholars in the field. Atkinson and Hills (1991), for example, even argue that there is very little that the developing countries can learn from the experience of the developed countries, especially that of Britain, France and the USA. Both the level of development and the structure of the economies in developing countries are thought to be very different from those of the developed countries.

“As a result, the institutional assumption that social security schemes can be introduced for the bulk of the population, while a reasonable goal of twentieth-century reformers in Western countries, has little applicability to developing countries” (p.104).

7.2 Such opinions, however, do not take into account either the long-term evolution of social security in the present-day developed Western countries or the impressive gains made by the developing countries since decolonisation or even the demonstration of the feasibility of both promotional and protective social security arrangements in selected countries and regions despite low levels of income and the presence of a sizeable informal sector in the economy (e.g. Costa Rica, Tunisia, the State of Kerala in India, and Sri Lanka). Many countries are, in fact, following a model that combines social security arrangements with efforts to enhance aggregate economic growth.

7.3 In his magnum opus, *In Care of the State* (de Swaan, 1988), the Dutch political scientist, Abram de Swaan gives a detailed account of the evolution of social policy and social security in Western countries. It should be noted at the outset that the Mosaic Law, the socio-political systems of classical Greece and the Roman Empire, the edicts of Asoka, the simple rules of early Christian communities, and the institutions of family, village, and caste in India, to mention a few instances, all contained elements of what is today known as social security. In Europe it was the Church, beginning with the ninth

century, which sought donations from the settled farmers and general public to feed and maintain the 'vagrants', 'beggars' and the 'sick', i.e. those who faced acute deficiency in meeting minimum access to resources to maintain their life. A compulsory levy for the upkeep of the poor was not common in those times. When the modern period began, rights to private property and use were well-established in Europe and those who did not own land, worked on other people's property to eke out a living. By the sixteenth century, long before the advent of the Industrial Revolution, large cities in Europe had well-established 'poor houses' wherein thousands of poor people were looked after so that the local communities could live peacefully. It was the Elizabethan Poor Laws, which for the first time in 1601, stipulated the standards for looking after the poor; and the Church levied sufficient 'poor rates' on the landowners in order to finance the whole set-up. Relief for the poor in the United States in the seventeenth and eighteenth centuries followed the broad framework of the Elizabethan Poor Law. Around that period, the responsibility of looking after the poor was shifted from the Church to the locally elected 'overseers of the poor'. As time went by, these societies gradually started getting more and more involved into a system of direct administration of the poor. In those times – as it indeed is in our own times among large sections of the rich and the middle class – the general notion was that the poor are so because they are lazy. Within the framework of this logic, in the seventeenth century, 'work houses' were established to provide work and shelter to all the able-bodied unemployed, vagrants and other poor people.

7.4 Unlike many other revolutions, the Industrial Revolution, shook the very foundations of the agrarian system in rural areas and the commercial/mercantile system in the urban centres of Europe. However, even during the dawn of the Industrial Revolution, orphanages, old age asylums, insanity wards and maternity houses were run by local governments, and a system of social security supported by the state was gaining more and more importance in Europe. Collective action was the spontaneous answer by the elite sections of European society to the threat posed by several social scourges including crime, cholera, anarchy and squalor resulting from the existence of large numbers of unemployed, vagrant and sick people in society. The shift from individual action to collective action (as represented by the State) occurred not out of any philanthropic motive, but due to the threat that these posed to the established social order as thousands migrated into the cities each day in search of work and a better living during the period of the Industrial Revolution. By the last decade of the nineteenth century, the social security system, as we know it now, was well-embedded in the social fabric and governments had already established systems for the care of the destitute and the poor.

7.5 This interpretation emphasises that the privileged classes had a vested interest in promoting a measure of social security for the poor who were seen as *les classes dangereuses*. But the other side of the story is that the practice of social security evolved as a result of the initiatives and demands generated by the labouring classes. This had happened, even prior to the emergence of trade unions, in the form of mutual benefit societies of workers in many countries, most prominently in Western Europe but it could not sustain itself because these societies offered limited forms of

collective care (through mutual help) without internalising the costs to the society at large. However, they could be interpreted as the precursors for wider notions of social security, especially those based on work to take care of contingencies (see, e.g., Linden, 1996).

7.6 Given the irresistible influence of socialism in the European continent by the late nineteenth century, it was, in fact, the organised strength of the working class that stood to facilitate the evolution of social security in terms of 'welfare state' policies. Here the emphasis was to secure a minimum of social security arising out of one's status as a worker but bargained and fought collectively. The state, in keeping with its 'legitimation function', initiated public policies to woo the working class away from the Social Democrats, who were preaching socialism. The first of these tactics came from the 'Bismarckian socialism' of Germany in 1883 in the form of a comprehensive scheme of social security, offering the workers insurance against accident, sickness and old age. Although it represented the paternalist function of the state that Bismarck, as a conservative, had always held, its prime function was as a weapon against the social democrats. This, however, directly brought the concept of social insurance into the realm of public policy and responsibility of the state. Of course, the motivation did not come from an overwhelming concern for the plight of the working poor. It was, as mentioned earlier, the outcome of the nationalistic agenda of an activist state and was opposed by both the workers' movement as well as the German Parliament.

7.7 However, the Bismarckian model of social security survived many vicissitudes and came to be adopted with variations by many other European countries during the next half century. The British experience was characterised by compromises by both the workers' unions and employers, and which was mediated by the state. The later advent of social insurance in France was based on a tripartite coalition among the state, sections of the workers' movement and big industrialists. In the United States, the social policy of the State was slow to catch up with that in Europe though it remained the local agenda of mutual benefit societies. The dramatic spread of social security in the sense of social insurance in The Netherlands is a post-War phenomenon, as in many other European countries. A Workmen's Compensation Act came into force in 1901, the Invalidity and Old Age Pension Act in 1919 and "implementation of a sickness insurance law, also enacted in 1913, was delayed until 1930" (de Swaan, 1988, p.210). Compulsory state unemployment insurance came into effect only in 1952.

7.8 The experience of Europe in the matter of evolution of social policy for providing a comprehensive measure of social security took place in a historical context in first-time industrialising countries. This does not, however, mean that such a historical experience is not relevant to the contemporary concern for social security in developing countries. The dynamics of social and economic change were certainly different, but it throws up important questions that are pertinent to the institutionalisation of social security in poorer countries. Some of these are highlighted below since they deserve to be considered in order to arrive at a global perspective on this important social issue.

7.9 First of all, the division between 'promotional' and 'protective' social security fits in neatly with the European experience. Promotional security came into being through a long process beginning with charity, community service, and philanthropy, but was later transformed into a collective concern to be addressed by the State. Thus poor relief, basic education and health care started with collective charitable arrangements first at the local (parish) level, then at the city level, and finally at the national level. Later, housing was added to the basic social security arrangements organised and implemented by the state. These were added and extended to all deserving citizens in the post-War era. Social security schemes to meet contingencies were introduced through the work status of individuals but those who could not meet the minimum requirements were taken care of by the state through the provision of old age pension and unemployment allowance. But what needs to be noted is their continuing relevance in many rich countries despite considerable increases in the per capita incomes of these countries.

7.10 Secondly, the evolutionary trajectory of social security in European countries suggests the increasing and also effective role of the State from an early stage. This interventionist role of the state pre-dated full-scale industrialisation. This lesson is an important one from the contemporary perspective wherein many may be persuaded to think that the State in the developing countries is not yet in a position to address the entire range of issues relating to social security. It is in this context that considerable attention is being accorded to the role of non-State actors in taking care of some aspects of social security. This might seem attractive in the present-day conditions. But historical experience suggests that there is hardly any effective alternative to the role of the State in providing a modicum of social security, especially for the poorer sections of the population.

7.11 Thirdly, one has to consider the role of demand from below. Workers' movements played an important role in forcing the state to institute social policies that addressed the issues of both 'promotional' and 'protective' social security. This underlines the crucial nature of the social dynamic that contributed to the evolution of a public policy on social security issues. This is perhaps absent in many developing countries. But it would be an under-estimation to conclude that many developing countries did not go through the required social dynamics. National liberation movements often emphasised not only the political emancipation but also the social emancipation of the people. The achievements of a number of developing countries during the period 1950-80 point to this.

7.12 Fourthly, a process of industrialisation and an increasingly urbanised economy and society accompanied the process of evolution of social policy in Europe. The capacity of the State to manage social issues had grown enormously, especially after the experience of managing war-time situations. However, this is not the case with most of the developing countries. The process of industrialisation is slow and given the pace of technological change, fewer and fewer people are needed to produce more and more industrial output. Most of these countries are still rural in character. This

situation, therefore, poses new challenges to the State in these countries in meeting the requirements of providing a broad range of social security.

7.13 Despite the vastly different economic structure and stage of development in the developing countries, the expectations of people in these countries are perhaps much higher than among the people in Europe in an era when social security concerns were just beginning to be addressed as a collective issue. This is because of the increasing integration of countries through the technologies of transport and communication as well as the power of transmission of ideas from one place to another. The challenge of social security in developing countries is, therefore, also one of meeting the gap between expectations and reality.

The Experience of Developing Countries

China

7.14 The experience of China in providing some social security to those who are outside the formal sector of the economy is of particular relevance to India for a number of reasons. First of all, China is a large – in fact larger – country by size and population with a number of provinces. It has increasingly liberalised its economy, both internally and externally, and has moved away from a comprehensive system of basic social security, including employment and income, for all its population. This has resulted in an enhanced sense of vulnerability and urgency for providing alternative systems of social security consistent with its market-oriented economic policies.

7.15 China's social security system needs to be understood in terms of: (a) urban social security, and (b) rural social security. The social security system for urban areas is rather well- developed and institutionalised as compared to the system being implemented in the rural areas. As in India, social security in China too includes both the promotional schemes, directed to meet problems of deficiency, and protective ones, directed to meet contingencies. However, again like in India, the former has received far more attention than the latter.

Urban *Di Bao*

7.16 The social security for the poor in urban China is based on household income and other indicators of the quality of life. The beneficiaries are provided a Minimum Living Allowance called *Di Bao* in Chinese. Until the late 1990s, the urban *di bao* programme was enforced by various urban local governments. However, the programme was adopted as a national policy in the late 1990s. The criterion for eligibility is that the per capita household income of the prospective beneficiary should be below the so- called “*di bao* level”. The eligibility is determined on the basis of stringent tests, including the quality of housing of the applicant and the type of school where his/her children are sent, with the local authorities enjoying considerable discretion. There is no single *di bao* for all urban areas and there are considerable variations in the allowance for different urban areas depending on the financial condition of the local government. Some rich urban local governments do not get any financial

assistance from the central government while some backward regions get 100 per cent Central financial assistance. The urban *di bao* varies from around 300 to 320 Yuan per person per month in Guangzhou and Shenchuan to 150 to 180 Yuan in cities in poorer regions such as Huhehaote (Inner Mongolia), Taiyuan (Shanxi), Guiyang (Guizhou) and Lanzhou (Gansu). This is approximately equivalent to Indian rupees 1,710 to 1825 and 855 to 1,025, respectively. Apart from the cash component, the *di bao* also includes other benefits like preferential access to such services as healthcare and children's education.

7.17 Ever since the introduction of the urban *di bao* as a national policy, there has been a steady increase in the number of beneficiaries in China. By the end of 2003, this number was around 22 million, with a total expenditure of 15 billion Yuan being incurred on the programme. The Central government's share in the programme was 61 per cent while the local government contributed the remaining 39 per cent. Most of the beneficiaries were workers including those currently employed, laid-off workers, those who had left their jobs (though were formally holding their posts), and the unemployed and dependents.

Rural Social Security System in China

7.18 It must be mentioned at the outset that the incidence and intensity of poverty and human deprivation is far lower in China than in India. The policies followed immediately after the 1949 socialist revolution as well as the growth-oriented policies followed in China since the early 1980s are jointly responsible for such a state of affairs. The socialist period brought about a 'levelling up' of the lower sections of the population in terms of employment, income, health and education. The population policies being followed since the late 1970s have helped reduce the population growth by limiting the number of children per couple to one or two. The country is today on the verge of achieving population stabilisation. This should be viewed along with China's low Infant Mortality Rate of 30 in 2003 as against India's corresponding rate of 63. The incidence of absolute poverty is also low in China, even according to alternative estimates. While the official estimate of absolute poverty was less than 3 per cent (28 million people) in 2002, according to the international poverty line (one dollar per capita per day), this figure was 17 per cent (in 2002-03) or around 200 million. In contrast, the official estimate of the incidence of poverty in India was 26 per cent or 260 million (in 2000) whereas as per the international poverty line, it stood at 35 per cent or 350 million in 2002 (UNDP, 2005). China's poverty reduction programme is concentrated on 28 per cent of its county-level administrative districts. But the limitations of an area-based programme, like the backward districts programme in India, is being realised there. For instance, only 38 per cent of the total poor were found to be living in these counties.

7.19 Here China's rural social security system is broadly divided into the promotional and protective schemes, with the objective of studying the coverage of both and examining whether the protective social security cover corresponds to the proposed social security cover for workers in the informal economy.

Old Age Pension

7.20 Counties in all provinces of China have some form of rural pensions. The contributions come from beneficiaries, and the local governments as well as the Central government. The amount of pension given is not available mainly because it varies across counties. While various schemes are reported to be in operation, the main scheme was launched by the Ministry of Civil Assistance in 1991, and transferred to the Ministry of Labour and Social Security in 1997. In 1997, it had 82.8 million subscribers on a voluntary basis. However, the scheme is reported to have been stalled since 1999 when Central government support to it was reduced. By 2003, only 54.3 million people were on the rolls of this programme.

7.21 In addition, to the above, the Town and Village Enterprises (TVEs) provide pension schemes to their workers through commercial insurers. In some rural areas, the TVE pension schemes have reportedly been gradually unified and merged with the state pension schemes.

7.22 In some provinces, “pensions” are provided to parents of the older child or two daughters as a non-contributory social assistance measure.

7.23 In view of the plethora of schemes that are operative with varying levels of benefits across counties in China, the Central government has been working on a scheme called rural *di bao* or Minimum Living Allowance (discussed later).

Disaster Relief

7.24 Another protective cover is designed to meet the contingency of natural disasters. This is given to the affected population in the form of cash or kind and consists of: (a) a temporary home, (b) 7-10 days worth of food, (c) a minimum of two pairs of exchangeable clothes/garments, (d) a bed or cot, and (e) clean drinking water. The expenditure incurred on this programme in 2003 was over 8 billion RMB.

‘Wubao’ or Five Guarantees Programme (Social Assistance to the Destitutes)

7.25 This should be considered as a protective social security programme as it is given to those who are unable to work and have no other source of income including family support. The beneficiaries are provided with the five basic guarantees of food, clothing, housing, medical care, and funeral expenses. Educational expenses of orphans are also covered under the scheme. The *Wubao* scheme aims to guarantee the beneficiaries a living standard that is equivalent to the local average. Nearly 3 million people were covered under the scheme in 2002 with 84 per cent of the beneficiaries living in the community and the remaining in old age homes or in similar arrangements.

7.26 In view of the eligibility criteria and the nature of benefits offered by the scheme, it appears to be a sort of social assistance for destitutes. In India, the equivalent of this

scheme is the old age pension under the National Social Assistance Programme plus the Antyodaya Anna Yojana under which the chronically poor are given adequate foodgrains at a highly subsidised price. However, the *Wubao* is more comprehensive in terms of meeting the basic requirements of the destitute poor. Around 30 per cent of the rural people eligible for *Wubao* have reportedly not yet been brought under the ambit of the scheme. Its per capita benefits have been estimated to be equivalent to one-half to two-thirds of the per capita average provincial rural income.

Health Insurance through Community Medical Schemes (CMS)

7.27 Until the commune system was disbanded, rural healthcare in China was taken care of by the local institutions (communes, village and town bodies). The public care system today has, by and large, given way to semi- or fully private systems. While people buy health insurance products on a voluntary basis, that leaves out the relatively poor. This problem is being tackled by the introduction of Community Medical schemes (CMS') with the government providing a part of the contribution. In fact, the contributions are in the nature of "10+10+10", i.e. equal contributions of ten Yuan each by the beneficiary, the local government and the Central government. The scheme is reportedly successful with the government seriously considering this risk-pooling mechanism.

7.28 It is a coincidence that the contribution under the CMS resembles our proposal for a national minimum social security for workers in the informal economy. This perhaps reflects the similarity of situations in the two countries and the risks associated with such a basic need as healthcare.

7.29 As in India, a number of other promotional social security measures aimed at reducing rural poverty are also operational in China but which are not being discussed here. However, the emerging experiment of instituting a Minimum Living Allowance in rural areas or rural *di bao* (since urban areas have a similar and well-established social security system) is a positive step towards extending the coverage of protective social security.

Rural Di Bao

7.30 Firstly, it needs to be noted that social security schemes in China vary across regions since they set the standards and often fund the schemes. The benefits under the rural *di bao* scheme are a combination of: (a) monetary assistance, education fee waivers, additional educational subsidies, lower utility fees, lower medical fees, lower house rental fees, etc. The system is broadly modelled on the urban *di bao* scheme, which has been implemented nationally since 1999.

7.31 The eligibility for the rural *di bao* scheme is determined through a set of tests to assess the income, assets and living conditions of the beneficiaries. Rural households with a combined annual income of less than the regional *di bao* standards are eligible

for *di bao* subsidies. The selection of the beneficiaries is done by a local farmers' committee, which has to be approved by the Ministry of Civil Assistance.

7.32 The floor level for the rural *di bao* has been set by the Central government at RMB 637 per annum per beneficiary and the provincial governments are encouraged to top it with their own contributions on the basis of their local fiscal capacities and economic conditions. The variation in 2004 was between RMB 1000 and 3,120. In Indian terms, this equals Rs. 6000/- to Rs. 18,720/- per annum or Rs. 500/- to Rs. 1560/- per month per beneficiary. This is a valid comparison since the price differences for wage-goods in China are not very different from those in India.

7.33 The coverage under the rural *di bao* scheme was reportedly 4.38 million beneficiaries by 2004, which is equivalent to 4.4 per cent of the poor (as per the international poverty line) or 10 per cent of the poor (as per the official poverty line).

7.34 The stringent eligibility conditions and the coverage of the poor by the rural *di bao* scheme indicate the Chinese government's objective of providing a minimum of social protection to the most vulnerable in the rural society. The coverage under the scheme is expected to increase as more provinces increase their efforts to extend the *di bao* system for their resident populations.

Indonesia

The Current Indonesian Social Security System

7.35 As in most other developing countries, the social security system for workers in Indonesia mainly covers those in the organised/formal sector of the economy. This covers only 10 to 15 per cent of the total workers in the country. Although community schemes for health care were initiated in Indonesia, they did not succeed partly because their administration was left in the hands of the local governments.

7.36 The current thinking in Indonesia is veering towards a universal social security system for all workers including those in the informal sector. While the market for various social security covers run by private agencies will continue for those who have the purchasing power, the proposed national social security will be a statutory one based on contributions. As of now, the Commission understands, the proposal is in the stage of a draft bill, which is expected to be enacted soon. The main features of this scheme are given below.

The Proposed Indonesian National Social Security Reform Bill

7.37 In view of the major drawbacks of the current social security system, Indonesia has come out with a National Social Security Reform Bill. This new Indonesian National Social Security System, called *Jamsosnas*, will be established in accordance with what

is called 'the three-pillar approach'. These pillars are: (1) social Assistance for citizens who lack the financial means or access to their contingency needs (like natural disaster, social unrest, illness, old age or loss of employment). It will be financed by state budget or by community funds; (2) a compulsory social insurance scheme, financed by employers and employees; and (3) a voluntary private insurance, in which a person may opt for additional insurance.

7.38 The new scheme is based on the following principles:

- a) *Mutual assistance*: The wealthier participants will assist those who are less fortunate; those with low risks will help those with high risks and those who are healthier will help those who are not so healthy.
- b) *Compulsory membership*: All Indonesian residents will be required to participate in the *Jamsosnas* scheme, in various stages.
- c) *Trust funds*: The funds collected from participants will be managed by the National Social Security Provider Agencies in a trust fund which will be used optimally for the welfare of all participants.
- d) *Not-for-profit*: The management of this trust fund would not be profit- oriented and the funds would be used to meet the needs of all participants.
- e) *Openness, risk aversion, accountability, efficiency and effectiveness*: These management principles will become the basis for the national social security programme.
- f) *Portability*: The participants will continue as members of the National Social Security Scheme regardless of their income and employment status, and will continue to receive benefits as long as they fulfill the eligibility criteria for receiving these benefits.

7.39 The scheme proposed by the Indonesian government is comprehensive and will consist of benefits pertaining to retirement, healthcare, death, and worker disability, that cover all Indonesian citizens, regardless of whether they are formal workers, informal workers or self- employed. Although the official contribution rates for the different *Jamsosnas* schemes are still unknown, it is estimated that the total cost of the programme for formal sector workers will vary from 17.29 per cent to 18.80 per cent of the base salary. A National Social Security Board consisting of members of the government, employers' organisations and labour organisations will be set up to oversee the programme. The scheme consists of: (a) The Old Age Pension Programme, (b) The Old Age Saving Programme and, (c) The National Health Insurance Scheme.

The Old Age Pension Programme

7.40 This is a long-term programme wherein the participants make regular contributions for availing of pensions for old age and disability, widow/widower pensions and child pension. The fixed minimum pension under the proposed old age and disability pension plan has been set at 70 per cent of the minimum wage; widows/widowers (until they re-marry or start working full-time) and children (until they start working full-time or reach 23 years of age) will receive a minimum pension of between 40 per cent to 60 per cent of the local minimum wage. A worker who has contributed for a minimum period of 15 years and a worker who dies before the retirement age (55 years) will receive a monthly pension; workers who retire before the 15 years contribution will be given only the accumulated amount and the investment returns, and not a monthly pension.

7.41 The contribution level for the pension programme will be different from the contribution from formal sector workers, which will be shared with their employers on a 50:50 basis and will subsidise the pension received by informal sector workers. The latter will contribute a flat rate amount to be determined later. The government plans to cover pensions for those who are too poor to contribute to the scheme through subsidies from the State budget.

The Old Age Savings Programme

7.42 This is a long-term compulsory savings programme in which participants will be entitled to receive benefits before or upon reaching retirement age and will be run by a public social security agency. In the event of the death of a participant, his or her spouse, children or official inheritors will be entitled to receive the benefit. The benefits will be provided as a lump-sum payment (accumulated contribution plus the investment returns on the contribution) if a worker dies, becomes permanently disabled, or retires. At the earliest, workers may start withdrawing money from their accounts five years before they reach the retirement age and may even use a portion of the money saved in their accounts as a loan after they have made contributions for a given period. The contribution rate is the same as that of the Old Age Pension Programme.

The National Health Insurance Scheme

7.43 This scheme theoretically covers the health expenditure for all Indonesian residents, including upper income Indonesians and foreigners working in Indonesia. Formal sector workers must pay a 6 per cent pay roll tax, split equally with their employers. Retired persons will also pay the 6 per cent tax, which will be deducted from their pension. The contribution rates of informal sector workers and the self-employed will be decided later. The Government will pay contributions for low-income groups and the unemployed. The programme will be implemented in stages, first for formal workers and then for informal and self-employed workers.

7.44 The programme is designed to provide comprehensive health benefits like primary health services, referral health services and in-patient services. These services will be delivered by both public and private hospitals and health clinics, as long as they

agree to the terms and conditions stipulated in the service contracts that they sign with the National Health Insurance Provider Agency. The programme will be administered by the National Health Insurance Provider Agency, which will be supervised by the National Social Security Board. The agency's management will be appointed for a period of five years at the agency's shareholders' meetings.

Tunisia

Development of Social Security in Tunisia

7.45 The experience of Tunisia in providing a modicum of social security to a great majority of its working population is not widely known needs to be highlighted. A recent ILO study (Chaabana, 2002) has highlighted the main features and functioning of this system that should be counted as one of the best practices in developing countries.

7.46 After Tunisia gained independence, social assistance for the destitute and vulnerable classes was organised by the State within the framework of the social solidarity fund, which was financed, in part, by individual and corporate donations. In addition, a medical assistance system was established to provide care to the destitutes in public health establishments free of charge. The public sector came up with social security schemes such as provident society (1898) for civil servants and employees, family allowance (1918), supplementary benefit for single-income households (1944) and provident scheme (1951).

7.47 Until the 1960s, social security in the private sector in Tunisia was mainly confined to the formal sector in industry, trade and services. However, major developments took place since the 1960s, resulting in extension of the coverage to larger groups of workers including agricultural labourers and the self-employed. The first scheme in the private sector was initiated in 1960 for employees in industry, trade and the services. The scheme was extended to students in 1965 (with a healthcare and family allowance component), to full-time agricultural labourers in 1981, to self-employed agricultural and non-agricultural workers in 1982 and to Tunisian workers stationed abroad who had not been covered by any social security agreement in 1989.

Current Social Security System

7.48 The current social security system in Tunisia is structured around two components: (1) social security, which is gaining importance and currently applies to 83^[1] per cent of the employed population, and (2) social development schemes, which are intended for persons who do not have any social security coverage.

Social Security

7.49 The entitlement to benefits under these schemes is also open to the spouse and dependent children of the insured person in addition to the latter himself. As far as survivors' pensions are concerned, benefits are paid in the event of death while

healthcare benefits are offered to the dependent relatives in the ascending line, provided that they are not covered by any social security scheme and that they are effectively dependent on the employee. There are two funds under state supervision which manage the statutory social security schemes: the National Pension and Social Contingency Fund for the public sector and the National Social Security Fund for the private sector. The boards of administration of these funds are composed on a tripartite basis (the State, employers and employees).

Two Categories of Risk Covered

Core Benefits Found in All Schemes

7.50 The core benefits of the social security system are: (a) health insurance to cover sickness, (b) maternity cover, (c) old age pension, (d) life insurance, (e) disability cover, and (f) employment injury.

7.51 The sickness allowance in the public sector amounts to full pay during the first two months and half pay for the following periods; maternity benefit is granted at the full wage/salary rate for the first two months and can be complemented by four months post-natal leave on half pay.

7.52 In the private sector, sickness allowance amounts to two-thirds of the declared wage or income within the limit of the ceiling of twice the inter-trade minimum wage in most cases. Maternity benefit is granted for one month and can be renewed fortnightly on the basis of a doctor's certificate. It is calculated on the same basis as the sickness allowance.

7.53 As regards benefits in kind, the social security schemes provide a full range of healthcare services for the insured person and dependent family members (non-insured spouse, dependent children and parents), including costly care such as haemodialysis, cardiovascular surgical operations or organ transplants. Insured persons in the public sector have the choice of either receiving a refund of expenses incurred for healthcare (limited to long-term illness and surgery or extended to all illnesses), or receiving free care provided in hospitals and health institutions under the aegis of the Ministry of Health. In the case of insured persons in the private sector, healthcare is provided in the hospital and health institutions under the aegis of the Ministry of Health or in the polyclinics of the National Social Security Fund.

7.54 The branch responsible for granting disability and old age pensions or survivors' pensions in the event of the death of the insured persons involves certain qualifying ages and periods. These are determined according to the length of the periods since the insured persons have been paying contributions and the amount of declared wages or incomes, with a guaranteed subsistence minimum, as the case may be. The replacement rate varies from 35 per cent for 15 years to 90 per cent for 40 years of

contributions in the public sector, and from 40 per cent for ten years to 80 per cent for 30 years of contributions in the private sector.

7.55 Employment injury and occupational disease insurance covers all categories of income earners without any restriction whatsoever, including those who are not covered by the other classes of insurance such as seasonal agricultural workers or domestic workers. It also covers other categories, which are not considered to be income earners such as students in technical and vocational training, and apprentices. Self-employed workers can subscribe to the employment injury insurance voluntarily. This system of compensation for employment injury and occupational diseases facilitates the grant of a number of benefits including healthcare, daily allowance for temporary incapacity, acquisition of artificial limbs, pension in the event of permanent incapacity or survivor's benefit in the event of death.

Social Security Insurance with a Limited Scope

7.56 This category covers family allowances, which concern only public employees, income earners in the non-agricultural private sector, and income earners in the formal sector (agricultural enterprises and co-operatives- and large farms). Family allowances in particular, comprise the following:

- a) *Allowances granted exclusively for the first three children*: The amounts of these allowances are tapered on a sliding scale depending on the birth order of the child and ranging from 7,320 DT (1 DT = 0.7 US\$) per month for the first child to 5,693 DT per month for the third child.
- b) *Supplementary allowance for single-wage households (only one income from an occupational activity)*: The amount of this supplementary allowance varies according to the number of children qualifying for family allowances – from 3,125 DT per month for one child to 7,815 DT per month for three children.
- c) *Death allowance*: This is a non-recurrent benefit paid once to the eligible survivors of a deceased insured person and can amount to 30 times the monthly wage/salary. This benefit is provided for public employees, income earners in the non-agricultural private sector and self-employed workers.

Contribution

7.57 The social security schemes are financed almost exclusively by the employers' and workers' contributions, whose rates vary from one sector to another depending on the consistency of the benefits guaranteed and the ability of the populations concerned to pay contributions. This rate thus amounts to 23.25 per cent of the wages/salaries in the case of income earners in the non-agricultural private sector, whereas it does not exceed 6.45 per cent of a flat-rate wage in the case of agricultural workers.

7.58 The contributions of workers and employers are paid by the employers. In the case of self-employed workers, the contributions to the respective social security fund are made directly. In the case of workers, the recovery rate for contributions has been reported at 90 per cent while for the self-employed, it ranges from 47 to 66 per cent.

7.59 The Tunisian social security system is still reportedly generating surpluses though a deficit is reported in the scheme for agricultural workers.

Social Development and Social Assistance Programmes

7.60 These programmes are intended for low-income categories and persons who are not covered by any other social security scheme; they are run essentially either by the State or by associative bodies. They are financed through the State budget and by donations. State intervention takes the following forms:

- a) A programme of aid for needy families, which targets families below the absolute poverty line (currently 109 DT) and provides for the granting of permanent aid of 109 DT per quarter;
- b) A similar programme targeting the elderly and disabled persons in need;
- c) An allowance for families who agree to take in an elderly person;
- d) Free medical assistance intended for under-privileged groups of the population who are not covered by any other social security system (old people without support, the unemployed, seasonal agricultural labourers, etc.) and which comprise the following two categories of aid:
 - i. Free healthcare in the public health structures for needy families (150,000 beneficiaries), selected according to a poverty record drawn up on the basis of in-depth social surveys;
 - ii. Healthcare at reduced rates in the same structures for families with limited incomes (a maximum of double the SMIG, depending on the composition of the family), which are not covered by any other social security scheme (500,000 beneficiaries).

7.61 In order to benefit from this form of assistance, applicants must meet two conditions. One relates to a ceiling on family income and the other to the absence of membership in any social security scheme.

7.62 The beneficiaries will receive the full range of care provided by the health and hospital structures under the responsibility of the Ministry of Health. The public health system has a network of healthcare institutions at the national, regional, district and local levels. It boasts of one basic (primary) healthcare centre for every 4,889 inhabitants that should be counted as a remarkable achievement.

Extension of Social Security

7.63 The number of persons liable to be covered under a social security scheme was estimated in 1999 as 83 per cent of the population in employment. The remaining employed population not yet covered by social security legislation includes casual and seasonal agricultural labourers, workers on development sites (unemployed persons employed in community work), domestic employees, home helpers, religious officials and the unemployed.

7.64 The two social security schemes governing the formal sector, i.e., the public sector scheme and a scheme for income earners in the non-agricultural private sector, have registered the best social coverage. However, coverage of other sectors such as the self-employed, agricultural and non-agricultural workers and agricultural labourers has not been equally successful. In order to increase coverage in these schemes, the following measures have been taken with varying degrees of success: inspection and compulsory affiliation procedures; free medical assistance subject to verification that the applicant was not insured under a social security scheme; and schemes being adapted to the needs of injured persons such as fishermen employed on small boats and self-employed fishermen.

7.65 The objective is to extend and improve coverage of social security by conducting studies and adapting schemes to the needs and financial capacities of the categories of persons; modifying the conditions for determining and recovering contributions taking into account the specific characteristics of the populations concerned; and consulting the representatives of the target population and of employers at all stages during the establishment of the system.

Table 7.1: Percentage of Workers Covered in Various Sectors

Category	1989	1999
Non-agricultural income earners	73.2	97.2
Agricultural labourers	20.7	46.6
Non-agricultural self-employed	14.7	51.0
Agriculture self-employed	13.9	56.1
Miscellaneous	100.0	100.0
Total private sector including agriculture	48.3	78.7
Total public sector	100.0	100.0
Total coverage of workers	60.0	83.9

Source: Chaabana, 2002.

Brazil

7.66 Brazil is a middle-income country with a per capita income that was 2.7 times that of India in 2003 (7,790 in terms of PPP\$) and a population of 165 million. The country is characterised by one of the highest level of economic inequalities in the world. Democratic forces gained strength in the 1980s and resulted in a new constitution in 1988 with specific provision for social security. A recent ILO study (Schwarzer and Querino, 2002) has observed that, despite labour market informality, Brazil has achieved remarkable benefit coverage among the elderly over the last decades. The two elements of this success are the Rural Social Security programme and the Social Assistance Pensions, which are discussed here.

7.67 At the outset it must be mentioned that as in India and elsewhere, there is a well-established social security system for all workers in the organised/formal sector of the economy in Brazil. In addition, there are private social security funds (as well as those by initiated by public enterprises), which have voluntary membership involving defined contributions or benefits.

7.68 Both the Rural Social Security Programme as well as the Social Assistance Pensions are covered under a general scheme called RGPS. It is managed by the Social Insurance National Council which has a tripartite co-administration including representatives of the trade unions, employers and beneficiaries. Its mandate is to provide social security for all residents in Brazil. By 2001, 30 million people including urban residents were covered under the RGPS.

Rural Social Security Programme

7.69 Although the rural pension scheme was started in the early 1970s, the Rural Social Security Programme has gone through profound changes with the issuance of the new Constitution of 1988. The important changes are: (a) the right to an old-age pension has been extended to the spouse, (b) the age limit for old-age pension has been reduced by five years to 60 and 55 years for men and women, respectively (as against 65 and 60, respectively in urban areas), (c) the minimum benefit has been fixed at an amount equal to one official minimum wage, and (d) enhancement of widow's pension.

7.70 Given the poverty and working conditions of rural workers, an innovative system for contribution was devised. Under this, individual beneficiaries were not required to make any monetary contribution from their earned income but required the first purchaser of rural production to pay a contribution of 2.2 per cent of the primary value of the produce. Another innovative feature is that the beneficiaries were required to document only the years of work instead of years of contribution to fulfill the minimum insurance period to qualify for a pension. It has been reported that this quantitative and qualitative enhancement of the rural scheme has had a deep social impact since the 1990s with several positive outcomes like poverty alleviation, provision of access to and substitution of social services, improvements in the quality of life symbolised by better housing facilities and reduced rural-urban migration.

Social Assistance Programme

7.71 During the early 1990s, new legislation enabled changes in social policy and principles to guide such social policy. All the scattered government foundations were closed down in 1995 and the position of a Social Assistance Secretary was created at the Federal Social Security Ministry with the responsibility of co-ordinating the formulation and execution of policies. Social assistance was to be decentralised, wherein the Federal, Regional and local levels would take part in a joint design of policies and co-financing, while different groups of civil society would participate through the social assistance councils on the three Federal levels. On each level, a basic document would be prepared to define social assistance policy, based upon a comprehensive diagnosis of local problems and needs. Between 1995 and 1998, several instruments were introduced, such as the creation of a National Social Assistance Policy, and the issuance of Basic Operational Norms to institute bipartite and tripartite administrative commissions, which were to promote dialogue among the three government levels, determine the scope of action of each level, settle financial issues, and implement the participative council scheme at the three levels.

7.72 Among the most important programmes are the “Continued Assistance Services” (SAC), which include different types of support. These are: (a) home care for the aged and disabled, (b) social services for the disabled, (c) day care and nutrition for children, (d) cash transfer to send those children to school who were working earlier, and (e) social assistance pension for the aged. The eligibility for all these social assistance programmes was determined for those whose per capita family income is below one-half of the official minimum wage. However, since 1996, the fastest growing programme has been the social assistance pension scheme.

Social Assistance Pension Scheme

7.73 The social assistance pension scheme, known as “*Benefício de Prestacao Continuada*” (BPC), has two target groups: (i) people aged 67 years or more, and (ii) disabled people, including those with genetic disability. In both cases, it is stipulated that the per capita family income of the benefit applicant should not surpass one-quarter of the legal minimum wage. No previous contribution to social security is needed to qualify for the BPC and the new disability definition includes a broader range of disabled persons, who had never been previously a target of specific public policies in Brazil. However, a BPC is only accorded to a person if in his/her family; no further member receives another social security benefit or is enrolled among the unemployment insurance beneficiaries.

7.74 The BPC is paid out by the Social Insurance National Council (called INSS) at the same dates and using the same payment channels (commercial banks and post offices) as for normal pensions. The most important source being used for the BPC since 1996 is the “*Contribuicao para o Financiamento da Seguridade Social*” (COFINS), one of the taxes earmarked by the 1988 Constitution to finance the social security budget. Due to the extreme difficulty in documenting the applicant’s income—which is

informal or very irregular—the law requires that the BPC benefit candidate present a declaration signed by an authority containing the information that the per capita family income of the candidate is within the allowed range. The applicant can submit his/her application directly to the INSS by using the standard application forms available at any INSS office or any post office. Once the reform of the social assistance pension came into force in 1996, a significant coverage extension was achieved. As of 2001, a total of 2.1 million people were covered under the social assistance pension scheme.

7.75 One of the major achievements of the new social security policy that is being implemented in Brazil since the early 1990s is the remarkable coverage of people with old age pensions. The ILO study mentioned above reports that 77 per cent of persons aged 60 years and above collected a benefit from any one of the social security schemes as of 1999.

Concluding Remarks

7.76 The international experience that we have briefly reviewed here suggests that a country need not wait till it is fully industrialised with high levels of per capita income to extend social security to those who have so far been excluded from its ambit.

7.77 Each country has adopted the social security systems and means of financing dictated by its internal economic and political conditions. There is no 'one-size-that-fits-all' remedy for extending social security cover to the population.

7.78 In countries that have decided to extend social security cover to their citizens, the initiative has come from the State in terms of the design of the scheme and methods of financing used. This reiterates the critical role that the state will have to play in extending social security.

7.79 Large Asian countries such as China and Indonesia have extended the social security cover with significant initiatives. While the efforts are still in the early stages, they provide important lessons for India and emphasise the need for extension of social security in an increasingly globalising world. India, therefore, cannot and should not wait to extend social security to those who have been excluded from its coverage so far.

Towards a Universal Social Security System

8.0 The effectiveness of a national minimum social security programme for all workers in the economy is predicated on the success of extending social security cover to unorganised workers. The latter constitute 91 per cent of the total workforce in the economy with 85 per cent being in the unorganised sector and 6 per cent in the organised sector. The contribution of the unorganised sector alone to the national income is around 60 per cent of the total. In view of the fact that the economy is growing at a high rate of more than 6 to 8 per cent per annum, it is time to introduce a social security system with national coverage. In fact, the two earlier National Commissions, viz., the National Commission on Rural Labour (1991) and the Second National Commission on Labour (2002) emphasised the importance of social security and made a number of recommendations, some of which have been taken up for implementation. Before highlighting the details of the social security system proposed by this Commission, we briefly recapitulate the earlier recommendations.

8.1 The National Commission on Rural Labour (NCRL) under the chairmanship of Dr. C.H. Hanumantha Rao, discussed the issue of social security in great detail in Chapter 17 of the report. The Commission recommended that the following minimum social security benefits should be provided to the rural labourers by the State as a matter of high priority:

- a) **Old age pension:** Old age pension at Rs. 100/- per month should be paid to all males and females above the age of 60 years subject to income limits prescribed. Destitutes and handicapped persons, even if below the age of 60 years should be made eligible for old age pension as already allowed in several States.
- b) **Life insurance:** The coverage under Personal Accident Insurance and Social Security Schemes operated by GIC should be enlarged. In addition, insofar as unorganised workers are concerned, Group Life Insurance Scheme should be considered with the premium to be paid by the State.
- c) **Maternity benefit:** All rural women above the age of 18 years and belonging to families whose total annual income does not exceed Rs. 6,400/- at 1990-91 prices should be entitled, up to a maximum of two live births, maternity benefit for a period of 12 weeks for each birth and the amount of benefit should be fixed at the daily minimum wage rate for unskilled labour in agriculture.
- d) **Disability benefit (accident compensation):** Disability benefit, in respect of all cases of loss of earning capacity of 70 per cent or more and not necessarily occupational- or employment-related, must be available, on par with old age pension and subject to the same income criterion, to all eligible persons in the

age group of 18 to 60 years. The efforts for rehabilitation of the disabled have to be considerably strengthened.

- e) **Minimum healthcare and sickness benefit:** it was recommended that a scheme of sickness benefit be introduced to compensate for the loss of earnings arising out of illness, under which all rural persons in the age group of 18 to 60 years, on hospitalisation in a recognised hospital, would be entitled to a benefit for a maximum of 90 days, at the rate of the daily minimum wage rate for unskilled labour in agriculture. The benefit should be restricted to those from families whose annual income is less than Rs. 6,400/- at 1990-91 prices.

8.2 The Second National Commission on Labour (NCL) also dealt with the subject of social security in great detail. The Commission's major recommendations and findings relating to social security are as follows:

- a) **Coverage:** All workers who are not covered under the social security laws can be considered to be part of the unorganised sector for the purposes of providing social security.
- b) **Financing:** A combination of contributory and tax-based schemes would encourage the participation of the actors involved, particularly the workers.
- c) **Basic benefits:** The basic benefits should include: (a) insurance against death or disability, (b) health insurance, (c) maternity cover, and (d) old age benefits. The coverage under death and disability may be comprehensive. In case of disability, the compensatory payment may be made periodically. Under old age benefits, a pension based on a savings-linked scheme may be evolved.
- d) **Organisation:** The Commission recommended the constitution of a high-powered National Social Security Authority, preferably under the chairmanship of the Prime Minister of India. The functions of the Authority would be mainly to formulate the National Policy on Social Security and to co-ordinate the Central and State-level programmes.
- e) **Delivery:** The mechanism of delivery should be based on two key principles: (a) it should be as decentralised and as close to the beneficiaries as possible; and (b) it should be tripartite or multi-partite involving workers, employers, governments and other stakeholders. The constitution of district/area level committees, which may be tripartite or multi-partite as the need demands, and enjoying the necessary secretarial assistance, was also recommended. Appropriate organisational mechanisms that will extend to the level of panchayats are also needed.
- f) **Identity cards:** In order to achieve recognition as a worker, each person who is actually employed, should be given an official identity card. The identity card gives the worker a definite legal identity and recognition.

- g) **Constitution of Social Security Funds:** A Social Security Fund of India and a Social Security Fund of each State may be set up.

8.3 Following the recommendations of the Second National Commission on Labour, the Government of India formulated a pilot Unorganised Sector Workers Social Security Scheme in 2004 for 50 districts, which, however, met with a very limited response. This scheme has been reviewed in Chapter 4 of this report. The Ministry of Labour and Employment also prepared an Unorganised Sector Workers Bill, 2004, which contained measures relating to both social security and conditions of work and was sent to this Commission for review and recommendation.

8.4 At this point in time, the PMO forwarded a draft Unorganised Sector Workers' Social Security Bill received from the National Advisory Council. (henceforth called the NAC Draft) and directed the Commission to provide comments on the draft. The salient features of this draft are:

- a) **Coverage:** All workers in the unorganised sector and workers without any social security are to be covered.
- b) **Benefits:** The NAC Draft proposed health, life and permanent disability insurance plus maternity benefits without any contribution from workers. It also suggested an old age benefit scheme including pension but with contribution from the workers.
- c) **Financing:** The financing of the scheme was proposed to be realised mainly from: (i) levy and collection of cess, tax or fees, (ii) grants and loans from the Central and State governments, and (iii) contribution from workers. The funds collected will go to one or more of the Welfare Funds to be constituted by the National Authority.
- d) **Organisation:** The NAC Draft proposed the constitution of a National Social Security Authority, which was to be a corporate body. It would appoint 'Facilitation Agents' at the State level for implementation of the scheme. At the district level, District Committees were to be constituted by the National Authority. At the local level, selected organisations working among the unorganised workers were to be designated as 'Workers' Facilitation Centres'.
- e) **Delivery of services:** Given the fact that the organisational mechanism was that of a corporate model, the National Authority would establish its network through the State level Facilitation Agents to deliver the intended services.

8.5 The Commission has examined the proposals made by the above-mentioned three national bodies. On the recommendations of the NCL, the Ministry of Labour and Employment had formulated the Unorganised Sector Workers Bill, 2004, which has been considered and reviewed by the Commission to formulate its views, after

considering the comments of various stakeholders on the 2004 Draft. A draft Bill on Social Security along with a separate draft bill relating to conditions of work and livelihood promotion, was prepared by the Commission and submitted to the PMO and Ministry of Labour and Employment in August 2005. **On further consideration, some more changes are suggested in the draft social security Bill in this report.**

Salient Differences with Earlier Proposals

8.6 The Commission's recommendations improve upon the earlier proposals in several significant ways. Some of the salient differences are as follows:

- a) **Contributory nature:** The Commission has recommended a **contributory scheme** wherein the worker, employer and the government pay Re. 1/- each per day per worker. In case of BPL workers, the workers' contribution is to be borne by the Central Government. The scheme is thus designed to be both viable as well as participatory in nature.
- b) **Universal minimum social security:** The Commission has provided for a universal scheme for a **national minimum** social security comprising health, life and old age benefits. The State Boards have the flexibility to provide additional benefits over and above the national minimum, if additional finance is mobilised.
- c) **Old Age Pension for all BPL workers (aged 60+ years):** The Commission has recommended an old age pension for all BPL workers above the age of 60 years.
- d) **Federal structure:** The Commission recommends a **federal structure** and active involvement of the State governments through a National Social Security Board (NSSB) at the Centre, a State Social Security Board (SSSB) at the state level and Workers' Facilitation Centres (WFCs) at the ground level. The structure proposed by the Commission utilises the existing available infrastructure.
- e) **Multi-stakeholder participation:** The NSSB and SSSB are proposed as representative bodies representing multi-stakeholders' interests. At the grassroot level, the Commission has proposed the involvement of trade unions, NGOs that enjoy credibility among the workers and have past experience in this field, as well as local body institutions.
- f) **Factual assessment of financial implications:** The Commission has undertaken a detailed analysis to work out the financial implications of its proposals, which have been made after considerable deliberation with various service providers and after weighing several alternative options.

Existing Models of Social Security

8.7 Although a number of schemes and mechanisms for providing some social security cover to the unorganised/informal workers can be cited, as we have done in

Chapters 4 and 5, it should be noted that they do not yet add up to any meaningful whole for this vast body of workers. The only scheme with some national coverage is the **National Social Assistance Programme (NSAP)** which offers monthly pension to the old-aged destitute and relief in the event of death of the primary earner (with the Ministry of Rural Development), and a notional maternity benefit to the poor (now with the Ministry of Health and Family Welfare). This State assistance is, however, not based on the worker status of the individuals but on their status as poor citizens belonging to the category of 'destitutes'. *Given the fact that an overwhelming majority of them belong to households working in the unorganised/informal sector, these social security benefits may be deemed as largely helping the erstwhile workers in this sector.*

8.8 The NSAP, which was implemented in 1995, provided for 100 per cent financial assistance from the Central Government to the States, and was estimated to currently cover 72.8 lakh beneficiaries under the National Old Age Pension Scheme (NOAPS). The launching of the NSAP marks a turning point in the long march towards securing a measure of social security for the working poor in the unorganised sector in India. For the first time, the legitimacy of the demand as well as the responsibility of the State to protect the poor in their old age were recognised. This was also recognised as a *national* responsibility wherein the benefits envisaged are delivered by the active involvement of the Central as well as the State governments.

8.9 However, the programme also highlights some of the weaknesses of the approach. First of all, the eligibility criteria for old age pension includes a cut-off age of 65 years or above. Given that the average life expectancy in India is around 62 years, this is indeed a rather stringent criterion. Moreover, the life expectancy of the labouring poor is likely to be lower than that of the non-poor, which again restricts the scope of such an important social security measure. Thirdly, till recently, the monthly pension as well as other benefits offered were meagre (Rs. 75/- per month), constituting just around one-fifth of the amount required to cross the poverty line per capita per month. However, this has now been corrected with the announcement of the Finance Minister in his Budget speech of February 2006 that the monthly pension will be raised to Rs. 200/-, which is broadly equivalent to half the amount required to cross the poverty line.

8.10 In our proposal, we argue that the time has come to go beyond mere 'social assistance' by bringing in the need to provide a measure of social security to all unorganised/informal workers. The financing of this scheme and its management will albeit be a major aspect for consideration but that need not be considered as a financial burden to the public exchequer. It has to be recognised that enduring models of social security arrangements for the informal workers also constitute the methods for expanding the basis of development, incomes and generation of resources. There will of course be cases wherein certain categories of informal workers need financial assistance from the government but that needs to be treated as part of a larger national initiative such as the one proposed here.

8.11 Although a number of schemes and systems are in operation, the main problem in providing social security to the informal workers is one of limited coverage of both regions (States) as well as segments of workers within regions. Taken in isolation, these existing models cover a large numbers of workers but as a proportion of the country's vast army of informal workers, they cover only a small share (around 5 to 6 per cent as per the estimates shown in Chapter 2). Broadly speaking, four models of social security are currently functioning in the country. These are:

- a) **The Welfare Fund Model** (partly or fully contributory for workers in the unorganised sector, which is based on a tripartite arrangement under the direct supervision of the state);
- b) **The Social Assistance Model** (cash payment to defined beneficiaries {means-tested} through budgetary provision);
- c) **Social Security Scheme Model** (schemes designed and implemented by governments or their agencies for defined categories of workers in the unorganised sector); and
- d) **The Mutual Help Model** (mainly operating through the contribution of workers or the poorer sections for some social security through mutual assistance but promoted and mediated by NGOs).

8.12 The Commission has examined the various models described above and has suggested its own model in which it has incorporated the important features from these models. These features include management of the fund by a National Board as well as making the scheme contributory or non-contributory, depending on the economic status of the workers. The Commission's model envisages the active participation of organisations of informal workers such as trade unions as well as voluntary associations and NGOs working with these workers, in order to ensure the proper and successful implementation of its proposed scheme.

Need for an Inclusive Social Security System

8.13 A large section of workers who are able to secure employment in the organised (formal) sector of the economy have generally also been able to secure some protective social security for themselves and their families. However, it must be reiterated that more than 91 per cent of India's workforce consists of informal workers working either in the unorganised informal sector (85 per cent) or in the organised formal sector (6 per cent). A large majority of them face the problem of 'deficiency' or capability deprivation (of basic needs) as well as the problem of 'adversity' (arising out of such contingencies as sickness and accidents). As we have seen in the last section, the social security schemes that are currently in place hardly cover even 5 to 6 per cent of the estimated number of total informal workers of 362 million (as of 1999-2000). With the exception of a small number of States with some social security cover for workers in the

unorganised sector, a majority of the States do not offer any cover, especially for addressing such core concerns as healthcare and maternity.

8.14 Despite their significant contribution to the national income, workers in the informal economy are continuously exposed to various types of risks and frequently face crisis situations. It is not difficult to see why the poor are among the most vulnerable in any society. A shock that has a relatively small impact on the non-poor can be a cause for great concern for the poor, since even marginal downward fluctuations in income can push them to destitution levels. Our brief review, given in Chapters 4 and 5, of various Central and State government initiatives that address the social security needs of the population, showed that there are very few schemes addressed specifically for the unorganised workers *quaworkers*. Kerala and Tamil Nadu are the only States which offer some reasonable coverage of both old age pension for the aged poor and other protective social security schemes for the workers in the unorganised sector. Some States like Maharashtra, Gujarat, West Bengal, Punjab and Haryana have a number of schemes for the aged poor and vulnerable population, but no social security schemes specifically meant for the unorganised sector workers. A number of States do not seem to have any protective social security cover for the unorganised sector workers.

8.15 Thus there is a crying need to provide a measure of protective social security for all **the unorganised workers** in all parts of the country subject to certain ceilings on income as specified subsequently in the report. The Commission is, therefore, of the view that the time has come to initiate a protective social security system that is inclusive of all workers in the informal economy. There would be several limitations, including that of identification and implementation, if the intended initiative is not an inclusive one.

Need for a Federal Organisational Set-up

8.16 Since a national level scheme covering the vast majority of unorganised sector workers is being proposed with the active involvement of the State governments, specially in its implementation, the Commission feels that it is desirable to have a National Board at the Centre and State Boards at the State level. *Being a federal administrative set-up, with uneven levels of experience in implementing social security schemes for the informal workers, such an autonomous set-up, in the view of the Commission, should take into account the need for a 'federal structure' with built-in incentives for innovative organisational and other initiatives.* The administration and implementation of the scheme would be the responsibility of the State Boards, with support from the WFCs at the grassroot level. The Centre should actively participate in that process through the NSSB and support its implementation by the SSSB through financing for a National Social Security Fund.

Contributory or Non-contributory?

8.17 In the formal/organised sector, social security systems are usually based on contributions from the workers as well as from the employers with or without subsidy from the government. As we have mentioned earlier, the characteristics of the unorganised/informal sector are such that this model may not be a practical one. Given the low earnings of the workers in the informal economy, there is a strong case for providing social security to the informal workers without contributions from the latter. Moreover, the absence of identifiable employers in many cases (as in the case of the self-employed poor), or the difficulties inherent in the collection of contributions from a large number of employers of small establishments makes it infeasible to have a system based on contributions from the 'employers' either. Ultimately, the burden falls on the government.

8.18 The Commission, however, feels that it would be useful to have some contributions from the workers because it gives them a sense of ownership and facilitates their stake in the effective functioning of the social security system. Similarly, as we argue in this Report, contributions from the employers need not be exactly on the same lines as those of employers in the organised sector. Undoubtedly, the services of workers in the informal economy are directly or indirectly used by employers of every kind. It is not an exaggeration to say that the corporate sector has been the single largest beneficiary of the cheap labour offered by informal workers. This sector uses the services of a significant section of informal workers either directly or indirectly through various types of sub-contracting arrangements. A large number of employers of tiny and small establishments in the unorganised sector (such as in small production units, repair and maintenance shops, retail trade, etc.) use the labour of the workers directly. Households use the services of street vendors (both stationary and mobile) to procure items of daily consumption. In addition, they also use the services of a large number of workers as domestic servants, gardeners, etc. Thus a contribution from the employers through a levy of tax or cess is an indirect method of collection of contribution for a social security system

8.19 Ultimately it is the responsibility of the Government to find mechanisms of financing the scheme beyond the amounts that can be collected from the workers and the employers. The Government will need to supplement the additional amount from budgetary provisions. The Commission has estimated the possible cost of financing such a national scheme and the maximum liability of the Central and State governments, for covering the entire lot of unorganised workers, to be around 0.48 per cent of the GDP. The Commission believes that an expenditure up to this amount to be incurred by the Government for the introduction of such a national scheme would be fully justified.

8.20 The Commission has, therefore, taken the view that a contributory system of social security, including that of the government, should be initiated for workers in the informal economy.

8.21 Given the fact that the subject of Labour is included in the Concurrent List of the Indian Constitution, and that the State-level initiatives are quite uneven, the Commission

believes that there should be a **national minimum social security** with flexibility being accorded to each State government to add on or strengthen the national minimum in the respective states. The constituent elements of such a national minimum level of social security have been identified as: (a) health benefits, (b) life Insurance, and (c) old age security in the form of an old age pension for poor workers belonging to BPL households, and a Provident Fund for other workers which can be combined with a scheme of unemployment relief. These are discussed below.

Health Security

8.22 One of the major insecurities of workers stems from the frequent incidences of illness and need for medical care and hospitalisation of the workers and other family members. The vulnerability of the poor informal workers increases when they have to pay fully for their medical care without access to any social support. They suffer a double loss of income due to the inability to work and the need to pay for the cost of treatment. There is also the societal loss of income in terms of output as well as inability to enhance productivity due to ill health.

8.23 Despite the expansion in the physical provisioning of health facilities, illness remains one of the most prevalent causes of human deprivations in India. India's failure to provide adequate health security to its entire population, in general, and to the working poor, in particular, should be counted as one of the major failures in its quest for a balanced social and economic development. There is a pressing need for expansion of health infrastructure throughout the country. The health insurance cover sought to be provided under our scheme shall supplement the efforts of the National Rural Health Mission to provide the necessary health infrastructure and shall act as an incentive for strengthening the same.

Maternity

8.24 The death of the mother during or immediately after childbirth is mainly caused by a lack of proper medical attention. Among poor women faced with the additional burden of informal economic activity involving strenuous working conditions, the chances of maternal mortality would be high, particularly if proper health facilities are not obtained. Therefore, there is a crying need for providing maternity benefits to women in the informal sector. The Commission is aware that the Ministry of Health and Family Welfare operates a maternity benefit scheme called Janani Suraksha Yojana (JSY), which provides cash benefits of up to Rs. 1300/- in the rural areas and up to Rs. 800/- in the urban areas to women in BPL households for antenatal care and institutional deliveries. This scheme could be implemented over and above the scheme proposed by the Commission.

Life Insurance Covering Accidental and/or Natural death

8.25 The financial stress or shock caused by the death of a breadwinner for informal workers' households with minimal resources is tremendous. Thus some cover for the

contingency of natural or accidental death should also form a part of the social security measure for workers. Our proposed scheme provides for a Life Insurance of Rs. 15,000/- per beneficiary covering both natural and accidental death.

Old Age Security

8.26 Worry about their financial status in old age has been a major source of concern for the informal workers. The protection afforded to the aged by their families should not be exaggerated, or used as an excuse not to provide old age security, for a variety of reasons, two of which need to be emphasised. First, adults in poor households themselves face insecurity of work and income to lead a life of security and some dignity. Second, the presence of the poor aged adds to their burden and further deprivation of the family as a whole. Therefore, some provision for the social protection of the aged poor should be part of any national social security initiative so that it would enable the aged to contribute a part, however modest, to the household income, to enhance the value of their presence, and to strengthen the family bond.

8.27 The Commission has proposed old age security as one of the elements of National Minimum Social Security. The Commission recommends non-contributory old age pension of Rs. 200/- per month for all BPL unorganised workers. As regards non-BPL workers, the Commission recommends a scheme of contributory Provident Fund wherein at the age of 60 years, the worker has the option of withdrawing the accumulated amount in his credit or of purchasing an annuity for life with the accumulated amount. An added feature for the non-BPL workers is that in the scheme, the Provident Fund amount is coupled with unemployment relief by permitting the worker to withdraw a half or a quarter of his contribution, depending on the period of unemployment, subject to a lock-in period of ten years.

8.28 The Commission has, therefore, recommended that the above-mentioned three elements form a National Minimum Social Security Scheme and should be implemented with the backing of a national legislation. To this end, the Commission drafted a bill titled 'The Unorganised Sector Workers' Social Security (Draft) Bill, 2005' and submitted it to the Government of India. The Draft Bill was also sent to the State governments, trade unions and other stakeholders and placed in the public domain (www.nceuis.nic.in) for wider discussions (see Appendices for responses). After further consideration of the comments and suggestions received, the Commission has re-formulated the Bill as 'The Unorganised Workers' Social Security (Draft) Bill, 2006'. The revised draft bill is given in Part II of the Report.

Salient Features of the Revised Draft Bill, 2006

8.29 In response to the need to introduce legislation in the Parliament and as explained in Chapter 2, the Commission proposes a draft bill titled 'The Unorganised Workers' Social Security Bill, 2006' to the Central Government for its consideration and disseminated the same for wider public discussion. The salient features of the revised draft bill are discussed below.

Coverage

8.30 As per the computations undertaken by the Commission by using NSS 55th Round Survey data on Employment-Unemployment in Chapter 2, there were 340.3 million workers in the unorganised sector. However, amongst these workers, about 4.02 million workers were in receipt of social security benefits from their employers and are therefore considered as **formal workers**. At the same time, there were about 25.8 million workers in the organised sector who were either casual or unpaid family workers or not eligible for any social security benefits. These workers are thus considered as **informal workers**. The number of informal workers to be covered for the social security measures thus totals 362 million. However, we exclude 85.58 million unpaid family workers and 20 per cent of farmers who are not either marginal or small farmers, whose number totals about 13.6 million, to arrive at the figure of 263 million as the total number of workers eligible for social security in 1999-2000. Assuming an increase of 1.9 per cent per annum as an upper limit, the number of estimated workers in the year 2005-06 comes to 294 million, rounded off to 300 million. Details about the number of eligible workers are given in Table 8.1.

Table 8.1: Estimation of the Total Number of Eligible Workers

Category	(Crore)
1. Total workers in the unorganised sector (1999-2000)	34.0
2. Less: workers in the unorganised sector having social security	0.4
3. Workers in the organised sector having no social security	2.6
4. Total unorganised/ informal workers (1)+(3)-(2)	36.2
5. Less: contributing (unpaid) family workers	8.6
7. Less: farmers other than marginal and small	1.4
8. Total workers eligible for social security: (4)-(5)-(6)	26.3
9. Estimated workers in for 2005-06	29.4
7. Rounded to	30.0

8.31 The Bill will cover all workers in informal employment as defined in Chapter 2 less contributing family workers and farmers other than small and marginal, having incomes of less than Rs. 6500/- per month. This will include self-employed workers (including small and marginal farmers), wage workers and home-based workers. In addition, informal workers in the organised sector without any social security cover (such as *Badli* workers and casual workers) will also be covered. The Income limit prescribed is that suggested by the Fortieth session of Indian Labour Conference. The Commission estimates that the income limit will suffice to cover about 90 per cent of the poorer informal sector workers, who do not have enough means to ensure security for themselves. Thus the figure of 30 crore informal workers, used in the Commission's estimates, represents an upper limit. It may also be noted that the income criterion may

not be practically enforceable in a number of cases, and self-selection may be the main basis for the inclusion/exclusion of workers in the Scheme.

Contribution

8.32 The registered workers, employers and the Government will pay Re. 1/- each per day per worker as contribution to the proposed National Social Security Scheme. This works out to Rs. 365/- each, per annum, per worker contributed by the three parties, amounting to a total of Rs. 1,095/- per worker. **It may be clarified that Rs.1095/- has to be suitably indexed to take care of inflation.**

8.33 The contribution of workers @ Re. 1/- per day per worker would be fixed. However, the State Boards may help to secure correspondingly higher benefits for those workers who would like to pay a higher contribution through additional schemes.

National Minimum Social Security Benefits

8.34 Any worker registered with the National Social Security Scheme for the unorganised workers, on payment of the prescribed contribution, shall be entitled to National Minimum Social Security benefits. These include:

- (i) Health benefits in the form of health insurance for self, spouse and children below the age of 18 years, sickness allowance, and maternity benefits for women workers or spouses of men workers;
- (ii) Life Insurance to cover natural and accidental death;
- (iii) Old age security in the form of Old Age Pension for BPL workers above the age of 60 years, and Provident Fund-cum-unemployment insurance benefit to all other workers.

Organisational Structure

8.35 The Commission considered two alternatives while suggesting the organisational structure. The first one is based on the fact that social security is a subject in the Concurrent List of the Constitution and that both the Central and State governments, therefore, have the power to legislate on it. Besides, it was felt that a federated structure is more desirable in a country like India with the Centre taking on the responsibility of overall direction and supervision while the State governments act as the key implementing agencies. This is also intended to take care of State-specific situations in matters relating to administration. While the State level agency will play the key implementing role, local level organisations will be required to take care of registration, issue of identity cards, redressal of grievances and related functions. While designing such a federated organisational structure, the Commission has also

recommended that both the national and State level bodies be of a representative character involving the stakeholders.

8.36 The second alternative could be in the form of setting up a corporate authority at the Central level with defined responsibilities to implement the National Social Security Scheme. In such a model, the corporate authority will have the freedom to design the structure of its regional and local level bodies for implementation of the programme.

8.37 The details of the first model recommended by the Commission are given in the chart below. The Commission prefers the first model as it ensures proper decentralisation of work to the lower levels and is participatory in nature. The Commission is convinced that the State government should be actively involved in the implementation of the scheme which is provided in our model. The Commission also feels that there is no need to separately create a huge national bureaucracy and that the existing infrastructural network should be used for delivery mechanisms, which is provided in our model.

8.38 At the national level, the setting up of a National Social Security Board (NSSB) has been proposed. This Board will be mainly responsible for channelling the contribution of the Central Government into various schemes and to the State Boards for their enforcement, policy formulation, supervision, and monitoring of the implementation of the National Social Security Scheme. The NSSB would manage and administer the National Social Security Fund and work in tandem with the State Social Security Boards to negotiate with the service providers and to provide Central Government assistance *pari passu* with the contribution of the State government and workers.

8.39 The main responsibility for implementation of the proposed scheme will lie with the State Social Security Boards. They will have to decide on the appropriate organisational structure below the State level. Given the spread of unorganised workers and the absence of visible employers in many cases, the role of the local level organisation for registration, collection of contribution and assistance in delivery of benefits becomes crucial.

National Social Security Board

General Council and Executive Council

[Main functions: Managing the National Social Security Fund, Distribution of grants and technical assistance to State Boards, Monitoring and Supervision, Offering advice to the Central Government on policies]

***Secretariat of NSSB to be headed by a
Full-time Chief Executive***

State Boards

(Main implementing body at the State level)

[Main functions: Managing the State Fund, Distribution of grants and provision of technical assistance to Welfare Boards and other members, and independent Workers Facilitation Centres, Monitoring and Supervision of members and independent WFCs. Wherever necessary, the State Boards may set up the requisite district level offices.]

***Secretariat to be headed by a
Full-time Chief Executive***

Workers' Facilitation Centres

The WFCs will be located in the *Gram/Block Panchayats* (rural areas) and *Nagar palikas* (in urban areas) and will report to the State Board or as directed by the State Board.

8.40 It will be the responsibility of the State Boards to ensure that the selected Workers' Facilitation Centres (WFCs) satisfy the conditions of past experience and credibility. The State Boards may frame such criteria as warranted by the local context. They may also decide on the nature and extent of financial and technical assistance to be extended to the Workers' Facilitation Centres.

8.41 A State Social Security Board will consist of member organisations such as the Workers Welfare Boards, Departments/agencies of the government acting as employers of unorganised sector workers (e.g. *anganwadi* workers) and workers' organisations and non-governmental organisations providing social security to workers in the unorganised sector. The Bill has proposed the formation of Workers Facilitation Centres (WFCs) as was done by the NAC draft. However, in our model, they would be appointed by the State Boards, making them as representative as possible. The following are the two preconditions required for the designation an organisation as Workers' Facilitation Centre:

- (i) Past experience and capability to handle the work, and
- (ii) Credibility among the unorganised/informal workers.

8.42 The State Board may entrust the responsibility of offering assistance in registration, collection of contributions and delivery of benefits to the member organisations designated as Workers Facilitation Centres, as provided for in the Bill. . The territorial coverage of such Centres (e.g. Village *Panchayat*, Municipal Ward) should be clearly specified. In cases wherein suitable organisations for designation as WFCs do not exist, the WFCs may be created within *Gram Panchayats* in rural areas and *Nagar Palikas* in urban areas, under the responsibility of designated officials. These Workers' Facilitation Centres within the local self-government bodies will report directly to the State Social Security Board.

District Committee

8.43 A district-level committee shall be constituted as the registering authority for the National Social Security Scheme. The District Committee will have the District Collector/Magistrate as the Chairman and the District Labour Officer as its Convenor and Nodal Officer.

8.44 The District Committee will be the authority responsible for the issuing of the Unique Identification Social Security Number (UISSN) and the Identity Card for the registered unorganised workers/families.

8.45 In order to co-ordinate, supervise and monitor the functioning of Workers Facilitation Centres and facilitate the functioning of the District Committee, the State Boards may create, if necessary, district-level offices. State governments may consider restructuring the existing offices such as the Employment Exchanges and entrust them with the work relating to this scheme instead of creating new offices.

Existing Social Security Schemes

8.46 The Draft Bill explicitly states that the proposals contained in it are not intended to replace the social security benefits that are already in place in some States as well as some occupations through Central Government schemes. The main objective of the Draft Bill is to provide **a national minimum social security** to the unorganised workers. If the benefits under the national minimum level coincide with similar benefits under existing schemes, the State governments may merge them, if they so desire, and retain others provided by them as 'add-ons'. Under the Draft Bill, the State governments will receive a substantial share of the government's contribution from the Government of India. This could act as an incentive to the State governments to increase the size of the benefits or to add new benefits. In fact, a number of State governments have, in addition to old age and life insurance, been offering such social security benefits as assistance for education of children, funeral expenses and so on.

Resolution of Disputes

8.47 Dispute Resolution Councils shall be set up for the resolution of disputes relating to the non-observance of the provisions of this Act, arising amongst the unorganised workers, employers, Workers' Facilitation Centres and State Boards in each State, which shall be constituted in the manner prescribed by the State Government. The Dispute Resolution Council should preferably be situated within the District Committee.

Implementation and Financial Requirements

9.0 The National Social Security Scheme proposed by the Commission is based on defined contributions. These contributions are meant to be utilised as premiums for insurance to cover: (a) sickness, (b) life insurance, and (c) old age security. As per the defined contribution, of Rs. 3/- per worker per day (contributed equally by the worker, employer and the Government), a sum of Rs.1095/- will be available per worker per year. This may be split into three premiums; sickness & maternity, life insurance and old age security. As per the Commission's proposal, it will be the responsibility of the State Social Security Boards to negotiate with the concerned insurance agencies, with the help of the National Social Security Board, and decide on how best to apportion the contribution and secure the best possible deal. The Commission has suggested a division consisting of Rs. 380/- for sickness and maternity cover, Rs.150/- for life insurance and Rs. 565/- for old age security. These figures were arrived at in consultation with insurance agencies.

Health and Maternity Insurance Cover

9.1 The Commission suggests an annual premium of Rs. 380/- per worker based on preliminary discussions with public sector insurance agencies. A single policy is expected to cover a typical family of five members. The minimum benefits presently stipulated are:

- a) Hospitalisation cover up to Rs.15,000/-;
- b) Maternity benefit of a maximum of Rs.1000/- per delivery;
- c) Personal accident cover in the event of the death of the earning head of the family (Rs. 25,000/-); and
- d) Sickness cover for the registered worker during hospitalisation (Rs. 50/- per day for a period of 15 days).

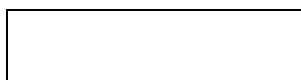
9.2 The details of the scheme proposed by the Commission are given in Table 9.1. The National Board and the State Boards may negotiate with the insurance agencies to ensure the above-mentioned minimum health and maternity benefits. As of now, there are four general insurance agencies in the public sector, which offer different health insurance policies.

Table 9.1: Premium Chart for a Comprehensive Health Insurance Scheme for Unorganised Workers

	Item	Benefits
1	Reimbursement of hospitalisation expenses For an average family of five on floater basis (subject to standard terms and conditions of the Group Mediclaim Policy)	Rs.15,000/- (Rs 10,000/- for any one illness)
2.	Maternity benefit (woman worker or wife of male worker) per family per policy period. Actual or as per maximum limit of Rs.1000/-	Rs.1000/-
3.	Personal accident cover for earning head of family – Death benefit only (subject to standard terms)	Rs. 25,000/-
4.	Sickness cover for earning head of family (during hospitalisation) for 15 days (excess of 3 days) during the policy period	Rs. 50/- per day
	Net premium per family on floater basis (excluding service tax)	Rs. 380/-

Note: (1) Age Group: 3 months to 60 years; (2) 'Family' includes earning head, spouse and up to a maximum of three dependent children; (3) Floater basis: The hospitalisation benefit can be availed of individually or collectively by members of the family; (4) Hospital: All designated hospitals where facility for treatment as in-patient is available; (5) Claim settlement: Through Third Party Administrator (TPA) or directly by insurance agency.

9.3 The Commission is aware that the Ministry of Health and Family Welfare is providing a scheme for maternity benefit for BPL households. Since the Commission has proposed to cover all unorganised workers, this may be over and above the existing scheme.



9.4 Since the proposed National Security Scheme has a separate provision for life insurance, the State Boards may negotiate with the insurance agencies for coverage of other risks such as accidents leading to personal disability.

9.5 The registered worker will be eligible for the benefits as prescribed in the health insurance policy of the agencies with whom the State Boards have entered into an agreement. Although the experience of the general insurance agencies with regard to health insurance services is rather limited, the Commission's discussions have revealed that the agencies may be willing to consider a fixed policy (as opposed to annual policy) for a longer period, say five years, provided the claim-to-premium ratio does not exceed a certain maximum, say 70 per cent in a year. In case the claim is less than this ratio, the insurance agencies are willing to offer a lump sum discount to the concerned State Boards. Alternatively, however, if the claim ratio exceeds this ceiling, the insurance agencies will have to be compensated by the State Boards.

9.6 For a maximum of 70 per cent claim-to-premium ratio, assuming that each illness requiring hospitalisation leads to a claim of the maximum permissible amount (Rs.10,000/- per illness), the percentage of policy-holders requiring hospitalisation and receiving compensation up to the limit of the risk cover, works out to 2.67 per cent. This is considerably higher than the current hospitalisation rate in India (1999-2000) estimated at 1.67 per cent of the population (based on the NSSO data). Moreover, the hospitalisation rate was only 0.95 per cent for the poorest quintile, rising to 2.01 for the second richest and 3.45 per cent for the richest quintile only. The Commission, therefore, considers it unlikely that improved risk cover would lead to a situation wherein the maximum stipulated claims-to-premium ratio would be exceeded. Accordingly, the insurance agencies may be persuaded to provide a cover for at least five years, without much loss to the State Board.

9.7 The normal health cover under the scheme shall be up to the age 60 years. However, the State Boards should negotiate the scheme with the insurance agencies in a manner that would allow the worker to avail of the health cover for self/or spouse even beyond 60 years of age on the payment of a reasonable amount of contribution.

9.8 The State Boards should also negotiate terms that are beneficial for the workers in cases where both the husband and wife are workers and choose to register as members of the social security scheme. In such cases, it is reasonable to expect that the insurance agencies would enhance the benefits *pari passu*.

9.9 The registered workers shall avail of the services prescribed from the public healthcare system (public health centres, community health centres and general hospitals) and designated non-government healthcare institutions (private, co-operative and charitable hospitals), as decided by the State Boards. However, for the risk envisaged in Table 9.1, this would require healthcare facility with a minimum number of beds (which, according to the current norm or the norms stipulated by the insurance agencies, is 15). The State Governments shall ensure adequate health infrastructure to meet the additional demand if any, in consultation and co-ordination with the Ministry of Health, Government of India. The National Rural Health Mission is expected to strengthen the health infrastructure in the rural areas. However, the Commission realises that the designated facilities may not exist within a reasonable distance (say 20 km) in some areas. In such cases, 5 per cent of the hospitalisation charges may be chargeable for transportation purposes and reimbursed to the worker/family.

9.10 The social security identity cards issued to the worker/family shall allow him/her to avail of the prescribed facilities on the basis of either a cashless system or the reimbursement of expenses. The Commission believes that a cashless system is the more appropriate one for the informal workers. For such a system to function effectively, it is desirable that whenever rates are chargeable, the National Board/State Boards and the Insurance Agencies may agree on a schedule of rates so that the possibility of moral hazard on the part of the hospitals can be reduced. The insurance agencies already have the experience of working with a cashless system.

9.11 The Commission has recommended that the insurance route for covering the health care requirements of the workers should not be a substitute to the existing services provided by the public health care institutions. In fact, by providing risk cover for hospitalisation, we expect the insurance system to work as an incentive for the designated public health care institutions to make them strengthen their infrastructure and provide the requisite services if they are allowed to enforce the cost of treatment of the registered workers as a chargeable element. This may necessitate certain reforms at the State level and the State Boards are expected to ensure this under the scheme.

Life Insurance

9.12 The suggested annual premium for life insurance is Rs. 150/- per worker per annum. This is expected to provide a benefit of at least Rs.15,000/- to the worker. The benefit could be negotiated with the insurance agencies.

9.13 Given the fact that the Department of Posts (DoP) has considerable experience in marketing and servicing Postal Life Insurance schemes at costs that are lower than those incurred by insurance agencies, it should be possible to secure a better deal for the unorganised workers with pre-defined contributions through the Department. Moreover, the Department of Posts has a network of infrastructure in the form of over 1,50,000 post offices that connect all localities in rural and urban areas in the country. This should strengthen the delivery of services in every nook and corner of the country. The Commission's discussions with the Department of Posts have revealed that it has considerable experience in providing insurance service. In fact, the Postal Life Insurance (PLI), which was started more than 120 years ago (in 1884), is now available for persons in government and other public sector employment. This indeed is a restriction imposed by the Central Government and the Commission maintains that there is no sound argument for continuing the same. However, the DoP was permitted to introduce a Rural Postal Life Insurance (RPLI) scheme in 1995, which offers five different insurance schemes. The aggregate number of active insurance policies serviced by the Department of Posts (as on March 31, 2004) is 4.87 million which includes 2.67 million RPLI policies. The aggregate sum assured is Rs. 28,203 crore.

9.14 Apart from the wide network of offices from which they operate, the postal insurance schemes are more effective than other similar schemes offered by insurance agencies. Moreover, the bonus declared as part of these schemes is also reported to be higher since the Department of Posts does not book profit from this business. The Commission therefore recommends that the Department of Posts or any other insurance provider offering similar benefits as the NSSB deem fit could be entrusted with the business of providing life insurance under the proposed National Social Security Scheme for unorganised workers.

9.15 The Commission recommends that in order to enable the Department of Posts to come out with a suitable scheme, the department should be allowed to design a new

insurance product, if necessary, in the form of a group insurance scheme. Elsewhere in this chapter we have dealt with the collection of contributions (for various schemes) and its book-keeping by the Department of Posts (see Paras 9.46 to 9.49).

Old age security

9.16 Two types of old age security are suggested here. These are:

(a) Provident Fund to all APL workers (who are required to contribute to the national social security scheme), with unemployment insurance where necessary, and

(b) Monthly old age pension to all poor (BPL) old aged (60+) workers,

Provident Fund for Contributing Workers

9.17 As observed in para 9.0, a premium of Rs. 565/- is available per worker per year for old age security, in the form of either pension or contribution towards Provident Fund. The Commission has considered both these options for all workers and has recommended a Provident Fund for all registered workers above the poverty line and a pension for all old aged (60+) workers in BPL households.

9.18 The calculations of the Commission show that even if one were to consider pensions at Rs. 2400/- per year (i.e. Rs. 200/- per month) to contributing workers, this would depend upon the age of entry of workers into the scheme. The Commission's discussions with the Life Insurance Corporation suggest that the return on investment could be between 5.5 to 6 per cent per annum, which is a conservative estimate. This is mainly due to the restrictions on the type of investment as per the Insurance Regulatory and Development Authority (IRDA). This will fall short of Rs. 200/- for those workers entering the scheme at the age of around 39 years and above; while less conservative estimates (assuming a return of 10 per cent) show that this age will be around 43 years. *This would mean that those workers above the age of around 40 years would not be in a position to secure a minimum pension of Rs. 200/- per month.*

9.19 Taking the above into account, the Commission recommends the institution of a Provident Fund for the contributing informal workers who are above the poverty line (estimated at 77 per cent). This will ensure that all those who contribute will get a terminal benefit on completion of 60 years of age.

9.20 The Commission further recommends that the workers be given an option, on attaining 60 years of age, to either take the accumulated corpus in their PF or purchase an annuity. This will give an option to those who are desirous of having an old age pension.

9.21 In addition, the Commission also recommends that the PF may also be designed as **Unemployment Insurance** by permitting a worker to withdraw up to half of his

contribution depending on the period of unemployment. However, a minimum lock-in period of ten years is recommended.

9.22 Discussions with the Unit Trust of India have revealed that a PF scheme can be managed by a mutual fund organisation. However, the mutual fund organisation will not be in a position to guarantee a minimum return as per the regulations of the Securities and Exchange Board of India (SEBI). The experience of the past several years, however, suggests that the annual return has been well above 10 per cent. The expected benefits of a PF assuming an annual average return of 10 per cent at different ages of entry have been worked out in Table 9.2.

9.23 The Commission, therefore, recommends a minimum guaranteed return of 10 per cent to the workers under the proposed PF. This is to ensure that the informal workers, who are much poorer than the workers in the organised sector, get a higher return than the Employees Provident Fund. If the proposed PF experiences a shortfall, it will have to be covered by the State Boards. In order to make this operational, the mutual funds should transfer the excess realisation of the promised 10 per cent to State Boards. If the accumulated sum on that account falls short of the outgo on account of a minimum 10 per cent return to the employees in any year, the National Social security Fund (NSSF) will make up for the difference. The State Boards may declare a bonus for the workers every five years if there is a balance left on this account.

Table 9.2: Provident Fund Accumulation for a Worker at Different Age of Entry with an Annual Premium of Rs. 565/- Assuming a Yield of 10 per cent per annum

Age at entry	No. of years of contribution	Accumulation (Rs.)
59	1	622
58	2	1305
57	3	2057
56	4	2884
55	5	3794
54	6	4795
53	7	5896
52	8	7107
51	9	8440
50	10	9905
49	11	11,517
48	12	13,290
47	13	15,241
46	14	17,386
45	15	19,747
44	16	22,343
43	17	25,199
42	18	28,340
41	19	31,795
40	20	35,596
39	21	39,778
38	22	44,377
37	23	49,436
36	24	55,001
35	25	61,123
34	26	67,856
33	27	75,264
32	28	83,411
31	29	92,374
30	30	1,02,233
29	31	1,13,078
28	32	1,25,007
27	33	1,38,129
26	34	1,52,564
25	35	1,68,442
24	36	1,85,907
23	37	2,05,120
22	38	2,26,253
21	39	2,49,500
20	40	2,75,071

Old Age Pension for Poor (BPL) Workers

9.24 In case of poor workers, it is desirable that they be entitled to a minimum level of protection regardless of the year of inception of the scheme and the number of years of their contribution. In the case of BPL workers, the Commission has throughout taken the view that their contribution towards the premiums shall be payable by the government. The Commission has suggested a premium of Rs. 565/- per worker per annum towards old age security of the informal workers. However, as noted in Para 9.18, with this premium, the pension available to the old-aged worker would depend on the age of entry and the corresponding years of contribution and no minimum old age protection can be guaranteed.

9.25 The Commission has carefully considered the various options through which a minimum level of protection may be available to all old-aged poor workers. It has noted that the Government of India already funds the National Old Aged Pension Scheme, under which destitute old-aged persons, above the age of 65 years, are being provided a monthly pension of Rs. 200/- per month. The Central allocation for the Scheme has been enhanced to Rs. 1430 crore in the 2006-07 budget, and the Finance Minister has desired that the States should use additional resources to enhance the monthly pension to Rs. 400/- per month.

9.26 The Commission has analysed the implications of extending the National Old Aged Pension Scheme to all old-aged poor workers above 60 years of age. In order to arrive at the estimates of the numbers of old-aged BPL workers for the years 2006-07 to 2010-11, the following assumptions have been used. The share of the aged (60+ years) in the total population is assumed to remain constant in the next few years at 7.47 per cent (as per the 2001 Census). The ratio for the BPL informal worker population has been taken to be 0.23, based on the poverty ratio among informal worker households in 1999-2000, and the average Workforce Participation Ratio (WPR) is taken to be the same as that for the prime age (35-55 years) general population in 1999-2000 (700 per thousand persons). These are admittedly somewhat crude estimates since both the longevity among the poor workers and the WPR are likely to be different from those of the general population. The estimates of the old-aged poor workers thus derived are given in Table 9.3. The Table also estimates the total financial cost of providing each of these workers a pension of Rs. 200/- per month.

9.27 The calculations of the Commission presented in Table 9.3 show that if one were to grant pension at the rate of Rs. 200/- per month to all BPL (unorganised) workers aged 60 years and above, it would cost the Government Rs. 3,244 crore in 2006-07, which would increase to Rs. 3434 crore in 2010-11.

Table 9.3 Number of Eligible BPL Old-aged Workers (60+ Years) and Costs of Pension (@ 200 pm) (Rs. in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11

Estimated Number of old-aged workers (60+ years) (crore)	1.35	1.37	1.39	1.41	1.43
Pension @2400/year/BPL (60+workers)	3244	3292	3340	3387	3434
Centre	3244	3292	3340	3387	3434
State	0	0	0	0	0

Note: The BPL worker does not pay anything but his contribution is paid by the Centre taking its share to 5/6th of Rs. 565/- while the balance of the total premium of Rs. 565/- comes from the state.

9.28 The Commission recommends the payment of a minimum pension of Rs. 200/- to all the poor (BPL) informal workers on completion of 60 years of age. This can be done by expanding the NOAPS, which, at present, is confined only to those who are above 65 years and are identified as destitute. The proposed pension amount roughly works out to one-half the amount required (on a per capita per month basis) to cross the poverty line at 2005 prices. However, the amount of pension in excess of Rs. 200/- per month may be topped up if the state governments so desire.

9.29 While recommending a pension for all old-aged poor workers, the Commission notes that there is an overlap as many of the workers thus identified may be destitutes and eligible for old-age pension under the existing NOAPS. Moreover, the prime age work force participation rates (WPR) also represent an upper boundary, as the WPR is lower in the case of other working ages. Hence the Commission's estimates represent the upper bound as far as costs to be incurred on providing pension to the BPL workers are concerned. The Commission, however, believes that pension cover should extend to all the aged poor and should not be just limited to informal workers. This is not only morally justified but also more efficacious for reasons of implementation.

Financial Requirements for Social Security of Informal Workers

9.30 **Health and Insurance:** As has already been described, an amount of Rs. 530/- per worker per year is earmarked for the provisioning of health and life cover for all workers though the contribution on behalf of the BPL workers is paid by the Central and State governments. The financial implications for the Central and State governments as well as the total expenditure that would be incurred on providing health and insurance for all the workers are presented in Table 9.4.

Table 9.4: Financial Implications of Health and Life Insurance for All (Rs. in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total number of workers	6	12	18	24	30
BPL workers	1.38	2.76	4.14	5.52	6.9

APL workers	4.62	9.24	13.86	18.48	23.1
Expenditure on health and life insurance					
For all @530 per worker per year	3180	6360	9540	12720	15900
of which:					
1) APL workers' contribution	816	1632	2449	3265	4081
2) Government's contribution	2362	4725	7087	9449	11811
Centre	1834	3668	5501	7335	9169
States	528	1057	1585	2114	2642
Of which					
For BPL Workers					
Centre	610	1219	1829	2438	3048
States	122	244	366	488	610
For APL Workers					
Centre	1224	2449	3673	4897	6122
States	407	813	1220	1626	2033

Note: The APL worker pays one-third of Rs. 530/- as his contribution while the remaining is shared between the Governments (of the Centre and State) in the ratio of 75:25.

The BPL worker does not pay anything but his contribution is paid by the Centre taking its share to five-sixth of Rs. 530/-, while the balance of the total premium of Rs. 530/- comes from the State.

9.31 Old-age Security: As per the Commission's recommendations, the workers belonging to Above Poverty Line (APL) households would participate in the Provident Fund-cum-unemployment insurance scheme while BPL workers would be provided a pension of Rs. 200/- per month through an extended National Old Age Pension Scheme (NOAPS).

9.32 For APL workers, the premium earmarked for old age pension (i.e. Rs. 565/- per worker per annum) is to be used for the Provident Fund. The lump sum that can be given to the worker on attaining the age of 60 years will depend on the yield and the age at entry. Assuming that all APL workers (assuming an APL ratio of 77 per cent) among the 30 crore workers join the scheme in a span of five years (at the rate of 20 per cent per year), then the total accumulation of the PF scheme would range between Rs. 2,610 crore in 2006-07 to Rs 13,052 crore in 2010-11. Of this, the share of the Central Government would range between Rs.1306 crore to Rs. 6,532 crore for the two years, respectively. The APL workers contribution would be Rs. 870 crore in 2006 while in 2010-11, it would go up to Rs. 4351 crore. Table 9.5 presents the implications of PF for APL workers.

9.33 For BPL workers, the estimate of workers likely to be eligible for pension, and the total financial cost (to be borne by the Centre) has already been discussed in Para 9.27 and in Table 9.3. The relevant figures are reproduced in Table 9.5.

9.34 Thus, of the total projected financial requirement for Old Age Security of all workers in Year 1, an amount of Rs. 870 crore will be borne by contributions from (APL) workers, Rs. 4,550 crore by the Central Government, and Rs. 435 crore by the State government. In year 5 (2010-11), the total financial requirement will rise to Rs. 16,486 crore, of which an amount of Rs. 4,351 crore will be borne by contributions from (APL)

workers, Rs. 9,966 crore by the Central Government, and Rs. 2,177 crore by the State government.

Table 9.5: Financial Implications of Old-age Security (Rs. in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
<u>Expenditure on PF for APL workers</u>					
APL workers	4.62	9.24	13.86	18.48	23.1
Total PF contribution for APL workers	2610	5221	7831	10441	13052
of which:					
1) APL workers' contribution	870	1740	2610	3480	4351
2) Government's contribution for APL workers	1742	3483	5225	6967	8709
(a) Centre	1306	2613	3919	5225	6532
(b) States	435	871	1306	1742	2177
<u>Pension Option for BPL workers</u>					
pension @2400/year/BPL (60+workers)	3244	3292	3340	3387	3434
Centre	3244	3292	3340	3387	3434
State	0	0	0	0	0

Note: i) While one-third of the total contribution of Rs. 565/- comes from APL workers, the two-thirds of the total contribution is by the Governments (shared in the ratio of 75:25 between the Centre and the State).

ii) The number of workers depends on phasing (registration) which is assumed to be 20 per cent each year. The percentage of APL workers is assumed to be 77 per cent of total workers.

9.35 Table 9.6 presents the total financial commitment of the Central and State governments for implementing the proposed national social security scheme.

Table 9.6: Financial Commitment of the Central and State Governments (Rs. in Crore)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Number of workers (crore)	6	12	18	24	30
Health and insurance for all	2362	4725	7087	9449	11811
Centre	1834	3668	5501	7335	9169
States	528	1057	1585	2114	2642
Provident Fund for APL workers	1742	3483	5225	6967	8709
Centre	1306	2613	3919	5225	6532

States	435	871	1306	1742	2177
Pension to BPL workers (60+ workers)	3244	3292	3340	3387	3434
Centre	3244	3292	3340	3387	3434
States	0	0	0	0	0
Total expenditure of Centre and states	7348	11,500	15,652	19,803	23,954
Centre	6384	9572	12,760	15,947	19,134
States	964	1928	2892	3856	4819
Administrative costs	290	579	869	1158	1448
Total (Centre +states) +Administrative costs	7637	12,079	16,520	20,961	25,401
Centre + Administrative costs	6674	10,151	13,629	17,105	20,582

9.36 Total Financial Contributions: The total financial contributions from the workers, State and Central governments (inclusive of contribution by employers), as estimated by the Commission, are presented in Table 9.7.

9.37 (i) Total contribution: The rate of contribution to the social security scheme has been proposed as one rupee each per day (or Rs. 365/- per year) for the worker, employer and the government, respectively. This works out to Rs. 1,095/- per worker per year. The total ranged from Rs. 6570 crore in 2006-07 to Rs. 32,850 crore in 2010-11, on the assumption that phasing (registration) of 30 crore workers will be done at the rate of 20 per cent per year and the target of 100 per cent will be achieved in five years. Since, however, the Commission has recommended an old age monthly pension of Rs. 200/- per month for all poor (BPL) workers above the age of 60 years, the old age security contribution (Rs. 565/worker/year) from both the Centre and the state governments on account of BPL workers would get substituted by the expenditure of the Centre towards the pension of old aged BPL workers. The total contributory element would therefore be Rs. 5,790 crore in 2006-07 and would increase to Rs. 28,952 crore in 2010-11 while the total envisaged expenditure would be Rs. 9,034 crore in 2006-07, increasing to Rs. 32,385 crore in 2010-11.

9.38 (ii) Workers' contribution: The total workers' contribution at the rate of Re. 1/- per day, per worker would have amounted to Rs.10,950 crore in the year 2010-11. However, under the proposal, the BPL workers do not contribute any amount, while the APL workers contribute at the rate of Rs. 365/- per head per year, which amounts to a total of Rs. 1686 crore in 2006-07 and increases to Rs. 8432 crore in 2010-11.

9.39 (iii) Employers' contribution: The employers' contribution will be limited to cases wherein they can be clearly identified. This works out to just 17 per cent of the workers, as the remaining workers are either agricultural labourers or self-employed in non-agriculture or workers without a specific employment status. The net contribution from the employers of 17 per cent of the workers is estimated at Rs. 1,862 crore. Given the large number of small-scale employers, the cost of collection of employer-contribution for 17 per cent of the workers might prove to be prohibitive. In such a case, the practical way out for the Government is to pay the entire contribution of the

employers and recoup the amount through appropriate fiscal measures such as a social security tax. This contribution has been charged under the government head, i.e. the Centre and State in the ratio 3:1.

9.40 (iv) Governments' contribution: The Central Government would bear the contribution of all BPL workers who are assumed to total 23 per cent of the total number of workers towards life and health insurance. In addition, the contribution of the government will be divided between the Central Government and the State Government in the ratio of 3:1 (75 paise and 25 paise per day per worker), respectively and the employers' share for 100 per cent of workers will also have to be paid by the Central and State Governments in the ratio of 3:1. The Central Government shall also provide a pension to old aged (60+ years) BPL workers.

Table 9.7: Distribution of Total Contribution (Rs. in Crore)

Contribution by	2006-07	2007-08	2008-09	2009-10	2010-11
1) APL workers	1686	3373	5059	6745	8432
2) Centre	3140	6280	9420	12,560	15701
3) States	964	1928	2892	3856	4819
4) Total Contribution (1+2+3)	5790	11,581	17,371	23,161	28,952
5) Expenditure by Centre towards pension to old aged BPL workers	3244	3292	3340	3387	3434
6) Total outlay of scheme (4+5)	9034	14,873	20,711	26,548	32,385

Phasing of the Coverage and Expenditure

9.41 The scheme envisages the full coverage of 30 crore unorganised workers. However, considering the large number of workers, it is expected to cover them in a phased manner over a period of five years. The annual coverage would be expected to be that of 6 crore workers. The coverage of the old BPL workers (60+ years) for pension is in addition to these numbers. Thus the financial implications in the first five years would be as shown in Table 9.8.

Table 9.8: Phasing of the Coverage and Expenditure of Centre and States (Rs. in Crore)

Year	Number of Workers (Crore)	Central Government Expenditure Towards	State Governments Contribution	Administrative Expenses	Costs as percentage of GDP mp
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	APL	BP L	BPL old Age d	Contrib ut-ory Sche- mes	Pen- sion of old BPL wor- k- ers			Centre + Admin. E xp	Centre and Stat es + Admin E xp
	1	2	3	4	5	6	7	8	9
2006-07	4.62	1.3 8	1.35	3140	324 4	964	290	0.17	0.20
2007-08	9.24	2.7 6	1.37	6280	329 2	1928	579	0.24	0.29
2008-09	13.86	4.1 4	1.39	9420	334 0	2892	869	0.30	0.36
2009-10	18.48	5.5 2	1.41	12560	338 7	3856	1158	0.35	0.43
2010-11	23.10	6.9 0	1.43	15701	343 4	4819	1448	0.39	0.48

Note: i) Figures indicate the financial expenses as a percentage of GDP including administrative costs @ 5 per cent of the contribution expected in each year. ii) GDP at market prices is expected to grow at 8 per cent per annum in the next five years while the direct taxes are expected to grow at 20 per cent and indirect taxes at 8 per cent.

iii) Administrative expenses col. (7) are calculated at 5 per cent of the total contribution as of the Central Government (col. 4), State (col. 6) and of APL workers.

9.42 As pointed out in Para 9.29, the financial estimates presented here represent an upper bound and are based on figures of the total number of informal workers. In actual fact, the Commission's proposed income ceiling of Rs. 6,500/- per month would make roughly 90 per cent of the informal workers eligible for the scheme, thereby lowering the actual cost below the estimated ceiling. If the employers did contribute on behalf of 17 per cent of the workers as mentioned in Para 9.39, the contributions of the Central and State governments would be reduced by as much as Rs. 1862 crore in the year 2010-11.

Administrative Expenses

9.43 The Draft Bill has suggested that up to 5 per cent of the total contribution be treated as administrative expenses. This works out to Rs. 1,448 crore in the year 2010-11 by when all workers would be enrolled in the social security scheme. This amount is considered as too low going by the experience of some of the Welfare Funds. Initially, the costs are likely to be higher as one would have to take into account the costs of setting up the National Board as well as the various State Boards. In addition, provision for giving grants to the proposed Workers Facilitation Centres will have to be taken into account. *A review of the ceiling for administrative expenses may be undertaken at the end of the third or fourth year of the scheme.*

Registration of Workers

9.44 The following steps are envisaged to ensure the registration of workers under the scheme:

- a) The Workers' Facilitation Centre will disseminate information on the available social security schemes for the workers, who would fill the registration forms. The Workers' Facilitation Centre will help the workers, if necessary, to fill in the application form for registration in the Social Security Scheme.
- b) The Workers' Facilitation Centre, wherever required, will undertake identification of the worker.
- c) The Workers' Facilitation Centre will forward the application received from the workers to the District Committee.
- d) The District Committee will allot, for each of the applications received, a Unique Identification Social Security Number (UISSN) and an Identity Card to the worker/family and the same will be forwarded to the concerned Workers' Facilitation Centre.
- e) On receiving the Identity Cards, the Workers' Facilitation Centre will distribute it to the concerned workers.

Agreements with Insurance Agencies

9.45 It will be the responsibility of the State Boards to enter into agreements with insurance agencies/India Post/Mutual Funds for the provision of social security benefits through a process of negotiation and competition. The State Boards will have to specify the manner and mode of payment of premia to the concerned organisations. Given the vast postal network in the country, no significant additional costs are expected to be incurred on the collection of premiums and delivery of benefits. It will be the responsibility of the National Board to assist the State Boards in their negotiation with the insurance and/or other organisations. In addition, the National Board will ensure that the minimum benefits prescribed are adhered to in all the States.

Mechanism of Collection of Premia and Disbursement of Benefits

9.46 It will be the responsibility of the State Boards to decide upon the modality of collection of contribution of workers, and distribution of benefits. On the basis of its deliberations, the Commission recommends that the contributions from workers, State governments and the Central Government may be collected by the Department of Posts (DoP). As far as the informal workers are concerned, the wide network of post offices in the country would enable them to pay their contributions on a regular basis as stipulated by the National Board. Depending on the number of workers enrolled, the corresponding contribution of the State and Central governments may also be made to the Department of Posts. The total collected amount will be credited to the accounts of the State Boards maintained by the Department of Posts.

9.47 The post offices where the workers will remit their contribution will give the workers Savings Account Pass Books on the opening of a savings account. This will enable the workers to access their benefits through the post offices by way of credit in their savings accounts. Here it is pertinent to note that the post office banking system has 141 million accounts (savings, recurring, time deposit, PPF, etc.) with a total deposit of Rs. 2, 01,183 crore.

9.48 Whenever disbursements to social security providers (such as post office for life insurance, general insurance agencies for health insurance and Provident Fund manager for PF) are due, the concerned State Board will direct the DoP to make payments on its behalf. In this way, the DoP will act as the book-keeper of the national social security scheme. The National Social Security Board will have the power to lay down such guidelines as are necessary for the transactions of funds under the scheme.

9.49 The Workers' Facilitation Centres will assist the individual informal workers in their dealings with the post offices, wherever necessary. They will also maintain an account of the registered workers, payment of contribution and receipt of benefits, etc.

Financing National Minimum Social Security

9.50 The Commission is aware that, worldwide, the concern for extending social security to the hitherto excluded is on the increase. This is particularly so in the context of globalisation and liberalisation, which have increased the sense of insecurity among workers all over the world. However, it must be pointed out that industrialised countries have maintained a high level of public social security expenditure measured as a percentage of the gross Domestic Product (GDP). This figure is around 18 per cent for OECD member countries and around 25 per cent for EU member countries.

9.51 Developing countries have considerably lagged behind the industrialised countries in terms of the social security expenditure. However, the recent trend has been one of an increase in this expenditure as a percentage of GDP though there is considerable variation across countries. During 1996, the social security expenditure as a percentage of GDP in India was 2.6 (including 0.9 for health), whereas it was 3.6 for China and 4.7 for Sri Lanka.

9.52 Social security expenditure does not depend entirely on the level of per capita income or at least that is what the current distribution of such expenditure in different countries shows. What is found is that "the level of social security spending varies substantially between countries with similar GDP per capita. Clearly, the level of social expenditure (measured as a percentage of GDP) does not – at least exclusively – depend on the level of the GDP. Thus there are poorer societies, which decide to devote a similar percentage of their GDP to social security expenditure than that spent by societies which are far better off economically. *This indicates that social spending is also, to a large extent, a matter of political choice [emphasis added]*" (ILO, 2001, p.81) (b).

9.53 As we have argued in this Report, the extension of social security to the unorganised/informal workers is not merely a matter of social equity but also a developmental goal with a view to strengthening their capabilities in an increasingly competitive context. The economic environment for such an extension is also favourable with the economy registering a growth of six to eight per cent per annum.

9.54 International experience also shows that there is no alternative to the State playing a major role in guaranteeing a minimum of social security. This may be in the form of direct contributions on behalf of those who cannot do so or as a financial guarantor, or ultimate underwriter, of social security schemes. In the context of India, the Commission believes that the role of the State is indispensable, especially in extending social security to the hitherto excluded workers in the informal economy.

9.55 The contributions have been defined at the rate of Re. 1/-per day contributed each by the worker, employer and the government. In view of the difficulties entailed in identifying the employers for a significant proportion of the workers, and in collecting the contribution from those employers who are identifiable, the defined contribution will turn out to be Re.1/- per worker and Rs. 2/- by the government. However, the periodicity of collection of such contributions will have to be decided by the State Boards in consultation with the National Board by taking into account the practical aspects.

9.56 In addition, the Central Government will pay the contribution of workers who belong to Below Poverty Line (BPL) households, which works out to 23 per cent of the workers who are eligible for the National Minimum Social Security. The Central Government will also bear the cost of a minimum monthly pension to be paid to poor (BPL) informal workers.

9.57 It should be noted that all calculations including the contributions are at 2006-07 prices.

9.58 As we have noted earlier, there are two types of contributions to the proposed Social Security Fund. One is the contribution collected from the workers. The other is the contribution paid by the Central and State governments. There are different ways of mobilising the required resources for such a national scheme. The Central Welfare Funds as well as those set up by the States rely on the imposition of a cess on the concerned output. This could be an appropriate method for the identifiable occupational categories. The other method could be the imposition of a general tax for the purpose. We leave it to the Government to devise appropriate mechanisms for funding this scheme.

9.59 Since the Indian economy has been growing at the rate of more than 7 per cent per annum in the last three years, it was assumed that the rate of growth assumed for the next five years be 8 per cent per annum, given the current expectations of the future trends. The GDP (at market prices) for the year 2006-07 has been derived implicitly from the budget. Secondly, we assume that direct taxes would grow at the rate of 20 per cent per annum and the indirect taxes at 8 per cent per annum. Given the average rate

of around 5 per cent inflation in the Indian economy, these rates tantamount to 25 per cent and 13 per cent in nominal terms for direct and indirect taxes, respectively. During the last 3-4 years, direct taxes have grown at a rate of 25 per cent while indirect taxes have increased at a rate of above 15 per cent.

9.60 If the increase in expenditure by the Central Government were to be financed through an increase in taxes alone, the increase in the Tax-GDP ratio would only be marginal -- from 11.30 per cent to 11.47 per cent in the first year, i.e. 2006-07 and 14.12 per cent to 14.51 per cent in the fifth year, i.e. 2010-11. However, it should be noted that the Tax-GDP ratio in India is one of the lowest in the world, including the countries in Asia. .

9.61 As per these calculations, the first year's contribution by the Central Government will be Rs. 6,674 crore including administrative expenses, which will increase to Rs. 20,582 crore in the fifth year including administrative expenses of Rs.1448 crore. As a percentage of GDP, the additional financial requirements work out to 0.17 per cent in the first year and 0.39 per cent in the fifth year (see Table 9.8). As a percentage of the gross tax, the additional financial requirements work out to 1.51 per cent in the first year and 2.74 per cent in the fifth year. The Commission's examination of the entire financial requirements of both the Centre and State taken together shows that these requirements, as a percentage of GDP at market prices rise from 0.20 per cent in 2006-07 to 0.48 per cent in the year 2010-11 (*ibid*). Over the corresponding period for the entire additional expenditure burden of Centre and States to be financed through Central taxes, the Tax-GDP ratio of the Centre is estimated to increase from 11.50 per cent to 14.60 per cent of GDP at market prices.

Responsibilities and Responses

10.0 The various stakeholders in the context of the legislation on social security are the Government of India, State governments, employers, the National Social Security Board, State Social Security Boards, Workers Facilitation Centres and unorganised workers, trade unions and other organisations of unorganised workers, and civil society organisations, working for the welfare of unorganised workers. The duties and responsibilities of the stakeholders are discussed forthwith.

Government of India and National Social Security Board.

10.1 In order to implement the social security scheme, it would be necessary to enact a legislation at the Central level. As a part of this legislation, the National Social Security Board for Unorganised Workers (NSSB) as well as the National Social Security Fund (NSSF) shall have to be created. The National Board may comprise the representatives of the State Boards, existing Central Welfare Boards, national level trade unions of unorganised sector workers, national level voluntary associations of unorganised sector workers and national level organisations of the employers in the unorganised sector. The National Board would be responsible for the formulation of policies and guidelines at the national level.

10.2 The National Social Security Board for Unorganised Workers will formulate the National Social Security Scheme comprising old age security, health benefits, and life and accident insurance. The National Board shall also frame rules for the proper administration of the scheme and the Act. The Government of India shall make adequate financial arrangements. The National Board will be responsible for the allocation of funds to the State Boards in proportion to the number of registered workers in each of the States.

10.3 The Government of India, in consultation with the National Board, would decide and declare by appropriate notification the phasing of the scheme. The entire coverage of unorganised workers may be spread over a period of five years.

10.4 As part of its responsibility, the National Board will enter into negotiations with the Insurance companies/Mutual Funds/India Post for working out a scheme for old age security in the form of a Provident Fund-cum-unemployment relief providing the beneficiary an option to purchase an annuity for life on attaining the age of 60 years. It will also negotiate with insurance agencies for providing health cover to the workers.

10.5 The Government of India shall, in consultation with the National Board and the Central Welfare Boards, be responsible for deciding the continuance or otherwise of the existing social security schemes.

10.6 The National Social Security Board will be responsible for devising a unique code for the issue of identity cards to the State Boards. The mechanism of allotting an individual identification code shall be framed by the National Board and the State Boards would issue the cards with unique numbers as per the number scheme devised by the National Board.

10.7 The National Social Security Board will be responsible for interaction with the concerned Ministries, State governments and other agencies for strengthening the healthcare system so that adequate medical facilities are made available to the workers at a reasonable distance. The National Board also has to work closely with the National Rural Health Mission for the above purpose.

State Governments and State Social Security Boards

10.8 It would be the responsibility of the State Government to implement the social security scheme at the State level, through the creation of a Social Security Board for Unorganised Workers as well as a Social Security Fund. The State Board will comprise representatives from the Workers' Welfare Boards, Unions and other concerned organisations.

10.9 As regards the schemes operated by the existing Welfare Boards, the State government along with the State and the National Board, shall be responsible for deciding the continuance or otherwise of the existing social security schemes.

10.10 The State government will be responsible for setting up District Committees for acting as the registering authority of the workers. These offices of the District Committee may be used as an arm of the State Board at the district level to ensure the proper and effective implementation of the scheme. The State Board shall be responsible for the issuance of identity card with unique identification number to the worker/ worker's family. The modalities for issuing unique numbers will be decided between the National Board and the State Board. The State government shall constitute at least one Dispute Resolution Council in each district for the resolution of disputes. The manner of filing a complaint before the Dispute Resolution Council will also have to be determined by the State government.

10.11 The State Social Security Board will be responsible for the collection of contributions under the scheme at the State level. It will finalise the periodicity and modality of such collection through the network of post offices and/or banks.

10.12 The State Board shall be responsible for devising an appropriate criterion for the identification of the Workers' Facilitation Centres (WFC), which may be designated as *gram panchayats* or other organisations like NGOs, etc. keeping in view their institutional credibility as well as experience in managing social security schemes. It is also important to provide adequate financial assistance for setting up the WFCs and for meeting the recurring costs of maintenance. This may be given in the form of grants to be divided between the Central and State governments. The State Board shall monitor

and control the activities of the WFCs so that they function in an effective manner. The State Board shall stipulate norms for the evaluation of the work done by the Workers' Facilitation Centres.

10.13 The State Board shall be responsible for finalising the most appropriate and advantageous scheme for the workers. The National Board shall provide technical help, assistance and broad guidelines to the State Boards regarding the various benefits which could be negotiated by the State Board with them. The ultimate responsibility of finalising the scheme shall, however, be vested with the State Board.

10.14 The State Board shall be responsible for delivery of the social security benefits as envisaged by the Act. It shall interact with the National Board and the concerned agencies for ensuring the delivery of the benefits. This may include existing delivery mechanisms like the Welfare Boards or through tie-ups with institutions such as India Posts. The claim of registered workers for social security benefits shall lie solely against the State Board and it shall be the responsibility of the State Board to settle the dues, if any. Necessary arrangements would therefore have to be worked out to ensure that the benefits are properly delivered to the beneficiaries.

Workers Facilitation Centres (WFC)

10.15 The WFCs shall be responsible for the identification of the beneficiaries and the proper maintenance of records pertaining to the social security benefits made available to them. The WFCs would also be responsible for: (a) distributing the Identity Cards issued by the District Committee to the workers concerned and/or their families, (b) disseminating information on the available social security schemes amongst the workers, (c) facilitating the filling and processing of application forms, (d) forwarding of application forms for registration of workers, and (e) ensuring the payment of contributions by the workers and employers to the social security schemes. The Centres also have to monitor the delivery of social security benefits in co-operation with institutions designated to deliver such social security.

Trade Unions and Other Organisations of Unorganised Workers and Civil Society Organisations Working for the Welfare of Unorganised Workers

10.16 The recommendations of the Commission provide for representation of National/State level trade unions and other organisations of unorganised workers and civil society organisations in the NSSB/SSSB. The aforesaid organisations could also be designated as WFCs by the State Boards wherein their responsibilities would be same as mentioned in the foregoing paragraph. Wherever these organisations are not designated as WFCs, they shall be responsible for creating awareness among the unorganised workers under the social security scheme. They will also have to interact

with the State and Central governments to facilitate initiation of the schemes and to monitor their functioning through their representation in such bodies. They shall provide local level assistance in the registration of workers through the WFCs.

Responses

Ministries of Government of India

10.17 The social security provisions were sent to the relevant Ministries of the Central Government. A tabulation of the main points of the comments received from the various Ministries is done in **Appendix 9**.

State Governments and Union Territories

10.18 A tabulation of the main points of the comments received from the various State Governments and Union Territories is done in **Appendix 10**. It would be relevant to mention that a few State Governments gave their views during the 40th session of The Indian Labour Conference held at Vigyan Bhawan, New Delhi on December 9-10, 2005. The views of the State governments as circulated during the Conference and/or commented at in the Conference are given in **Appendix 11**.

Trade Unions

10.19 The Central trade unions have generally been of the view that the Commission has correctly bifurcated the twin aspect of social security and conditions of work and livelihood promotion. A brief summary of the comments of the trade unions is given in **Appendix 12**.

NGOs, Academicians, and Others

10.20 Comments have been received from various NGOs, academicians and others who have generally concurred with the Bills of the Commission. A brief summary of the comments received from various NGOs, academicians and others is provided in **Appendix 13**.

Follow-up Measures

10.21 After the submission of the draft Bill on Social Security by the Commission, a series of meetings, discussions and presentations have been made at various fora. Public discussion on the Bill has also taken place, especially in the print media.

10.22 The draft Bill was discussed at various levels of the Government and it was decided that a Committee of Secretaries would study the details and modalities of implementation.

10.23 Discussion on the draft Bill also took place during the 40th session of The Indian Labour Conference held at Vigyan Bhawan, New Delhi on December 9-10, 2005. The draft Bill was circulated along with the other two draft Bills, namely one drafted by the Ministry of Labour and Employment, and the other drafted by some members of the National Advisory Council. A committee on Social Security for Unorganised Sector Workers examined the three Bills and passed the following resolutions with regard to the Bills that were ratified in the plenary session of the conference. The resolutions are as under:

- Enactment of comprehensive legislation covering social security aspect and the service conditions of unorganised sector workers should be expedited.
- All unorganised workers including home-based, wage workers, migrant workers and self-employed workers, whose average monthly earnings do not exceed Rs. 6500/- per month should be covered.
- The social security scheme should be designed prior to introduction of the legislation.
- The floor level social security schemes like life and accident cover, health insurance and maternity benefit should be funded by the Central Government.
- There should be tripartite Social Security Boards at the Centre and in the States/Unions Territories to formulate/review the schemes under the legislation.
- The implementation of the schemes should be left to the State Governments through its machinery including Panchayati Raj Institutions and local bodies.
- The administrative and infrastructure expenditure under the proposed legislation should be borne by the Central Government for the initial period of five years.
- The social security benefits being provided under the existing Central or State Boards may be integrated at the option of State Governments or the Union Territories with the schemes under the proposed legislation.
- A tripartite Working Committee should be set up by the ILC to examine all the four draft Bills, i.e. one drafted by Ministry of Labour and Employment, two by the National Commission for Enterprises in the Unorganised Sector and the one forwarded by the National Advisory Council and prepare one final draft Bill taking into account the recommendations/suggestions from all stakeholders.

Summary and Recommendations

11.0 The National Commission on Enterprises in the Unorganised Sector (NCEUS) has been set up to recommend measures considered necessary for enhancing the competitiveness of the unorganised sector in the emerging global environment and for facilitating the generation of large-scale employment opportunities on a sustainable basis. An important term of reference of the Commission has been to review the social security system available for labour in the informal sector and to make recommendations for expanding their coverage. The Commission was also asked to comment and, if necessary, revise a draft Bill titled “the Unorganised Sector Workers’ Bill, 2004”, prepared by the Ministry of Labour and Employment, which arose from the recommendations of the Second Labour Commission. In addition, the Commission was also asked to comment on another draft Bill that was considered by the National Advisory Council. The Commission’s report and the draft Bill are the result of detailed analyses of all dimensions of social security for unorganised workers, including a review of the existing proposals.

11.1 This report has been prepared on the basis of extensive consultations with the Ministry of Labour, State governments, industry representatives, trade unions, NGOs and professional experts, and the feedback received from them (Chapter 1).

11.2 On the issue of a uniform definition of the unorganised sector, the Commission, after deliberating on a number of alternatives, adopted the following definition:

“All unincorporated private enterprises owned by individuals or households engaged in the production and sale of goods and services and operated on a proprietary or a partnership basis and employing less than 10 persons”.

11.3 However, the unorganised sector is an enterprise-based concept and it does not reflect the characteristics of the jobs or employment relationships. It is possible that some workers in the organised sector do not enjoy any job security, work security or social security. In order to identify such categories of workers, it has been considered necessary to complement the definition of unorganised sector with a definition of unorganised/informal employment in line with the existing international definitions. The Commission thus adopted the following definition of unorganised or informal employment:

“Unorganised Workers are all those who are working in the Unorganised Sector defined earlier and the workers in the formal sector without any employment security and social security provided by the employer”.

11.4 Given the congruence of the Commission’s definition of unorganised sector and unorganised employment with that of the internationally used terms of informal sector and informal employment, the two are used interchangeably throughout the report.

11.5 By using the above definitions, the Commission estimated the number of informal workers in the informal sector in India as on January 1, 2000 at 340 million and the total number of informal workers in the economy (i.e. the number of informal workers in the informal sector plus informal workers in the formal sector) at 362 million. The latter is referred to as informal employment. The above figures constituted 86 and 91 per cent, respectively, of the total employment in the country. The most important characteristic of the informal employment, as far as the workers are concerned, is the absence of any form of protection. An overwhelming majority of them have no facility for covering such risks as ill health, accidents and death, and old age. *It may be mentioned that the Commission has used this definition (unorganised/informal workers) to deliberate on the question of social security, rather than to adhere to an enterprise-based concept.*

11.6 According to the Commission, the social security problems of informal workers may be divided into two sets of problems. The first one arises out of deficiency or capability deprivation in terms of inadequate employment, low earnings, low health and educational status and so on, that are related to the general deprivation of the poorer sections of the population. The second arises out of adversity in the sense of absence of adequate fallback mechanisms (safety nets) to meet such contingencies as ill health, accident, death, and old age.

11.7 The Commission believes that the absence of a meaningful social security arrangement is not merely a problem for individual workers and their families. It also has wider implications for the economy and society. From an economic point of view, it adversely affects the worker's ability to meaningfully use his/her efficiency for increasing production and productivity. Low earning power coupled with vulnerabilities lead to poverty that reduces the aggregate demand in the economy. Socially, it leads to dissatisfaction and disaffection, especially when a small segment of the society is well-endowed and seen to be prospering. The indirect costs of the absence of social security might well be the increasing social costs resulting from the need for policing and management of crimes and illegal activities, widespread ill health and a variety of related social problems.

11.8 This report has thus focused on the need for protective social security for workers in the informal economy though the complementarities of promotional social security that should form a part of an overall and integrated social policy are well recognised by the Commission.

11.9 Although the country does not have a formal social policy, it has a long-standing and universal social development agenda arising out of the Directive Principles enshrined in the Constitution. In addition, it also has several target-oriented and long-standing programmes with the objective of eradication of poverty and deprivation. There is need to locate the evolving/proposed national social security system within the framework of the existing (and also evolving) national social/human development programmes for the poor and the larger framework of universal social/human development programmes.

11.10 Presently, the social security framework in the country is operating at three levels. At the first level are the universal programmes and schemes for basic social/human development such as the mission for literacy, schooling, healthcare services, drinking water and sanitation, technical training, etc. that should be viewed as being foundational to any sound social and economic development policy. These programmes address the issue of the creation and enhancement of human capabilities through the provision of entitlements to all citizens funded by the public exchequer. The effectiveness and advancement of these functions of the State are often a pre-requisite for the effectiveness of specific protective social security policies and schemes such as the one proposed here.

11.11 At the second level are the social/human development schemes that are intended to provide a measure of socio-economic security to the poorer citizens, irrespective of their status as working or non-working poor. The underlying idea here is to meet both the promotional and protective needs of some sections of the population in their basic social security needs. Over time, a number of programmes have come to stay in the country like the Integrated Child Development Scheme (ICDS), Development of Women and Children in Rural Areas (DWCR), Mid-Day Meal Scheme for schooling children, Public Distribution System (PDS), housing for the poor, the National Social Assistance Programme (NSAP) and the recently introduced National Rural Employment Guarantee (NREG) programme. In order to address the social security concerns of specific groups, sub-targeting is often resorted to as in the case of the old-aged poor, widows, child labourers, the physically and mentally challenged, etc.

11.12 The third level should, according to the Commission, constitute a social security system for the unorganised/informal workers. This should address both deficiency and adversity. The social security concerns arising out of deficiency relate to access to credit/finance (especially for the self-employed), loans for upgrading skills, loans for housing, children's education, etc. The adversity arises out of various contingencies such as absence of social security cover for ill health, accidents/death and old age. These fall under the category of protective social security, which is the focus of the report (Chapter 2).

11.13 There are a number of international conventions that address these issues. The International Convention No. 102 includes nine core contingencies that lead to stoppage or substantial reduction of earnings of the workers. A review of micro-studies in India shows that informal workers were concerned with five major risks towards their security. The occurrence of any of these major risks leads to a substantial financial shock to the households of informal workers, often leading them to borrow money on onerous terms. These risks were listed as major illness of a member of the family, birth of a child, accident or injury leading to temporary or permanent disability and loss of working days, old age and unemployment.

11.14 Formal workers in India have recourse to social security measures. Informal workers who, as mentioned earlier, constitute more than 91 per cent of the workforce have limited or no formal social security cover which increases their vulnerability during

times of illness, old age, unemployment and untimely death. The absence of social security mechanisms constitutes a critical factor in the worsening of the condition of these households, many of which are already very poor (Chapter 3).

11.15 A number of social security programmes are being implemented by both the Central and State governments for the benefit of unorganised workers. In general, the model that has been adopted in most of these programmes has been that of Welfare Funds. A few schemes have also been implemented by the Central Government either directly or through insurance companies. Separate legislations have been enacted by the Parliament to set up five Welfare Funds to be administered by the Ministry of Labour for providing housing, medical care, social security, education and recreational facilities to workers in selected mining operations, *beedi*-making and the production of feature films (called cine workers). All these funds are financed out of the proceeds of the cess levied under respective Cess/Fund Acts on manufactured *beedi*, feature films, export of mica, consumption of limestone and dolomite, and consumption and export of iron ore, manganese ore and chrome ore, etc.

11.16 The National Social Assistance Programme (NSAP) is a programme of a cash-transfer nature in the country, which was launched with the objective of protecting the poor and destitute persons in the events of insecurities during old age, death of the breadwinner and maternity. The scheme is 100 per cent Centrally-funded to ensure that a measure of social protection, albeit limited, is available to the poor and old persons throughout the country. The NSAP, by its very character, has made it possible to extend a scheme of social assistance to states, which did not have one so far. The *gram panchayats* and municipalities play an important role in the identification of beneficiaries, monitoring of the NSAP and disbursement of funds. The programme currently covers two benefits: (i) National Old Age Pension Scheme (NOAPS), and (ii) National Family Benefit Scheme (NFBS). By launching this scheme, the government has expressed its recognition of the fact that a social security measure of this nature demands national attention and initiative.

11.17 Apart from the NSAP discussed above, a number of Central Government schemes for social security have been in operation over a period of time. These have been targeted at the poorer sections of the society and selected occupational groups, and are mostly contributory in nature. Some of these schemes discussed in the report are the Varishta Pension Bima, Group Health Insurance Scheme (GHIS), Janshree Bima Yojana, Universal Health Insurance Scheme and Krishi Samajik Suraksha Yojana (Chapter 4).

11.18 At the State level, there are a number of social security initiatives. However, those are found to be uneven, in terms of coverage of both States as well as workers. With the exception of a few, most social security initiatives do not cover sickness. They mostly cover such requirements as accidental death and injury, maternity and some financial assistance for the education of children. One of the major insecurities of workers stems from frequent incidences of illness and need for medical care and hospitalisation of the workers and other family members.

11.19 Even in states such as Kerala, which have a number of statutorily-backed Welfare Boards and Funds, there is considerable scope for the rationalisation of contributions and benefits. There is also a need for bringing down the costs of administration. Professional systems are also required for the management of funds and for strengthening the delivery mechanisms.

11.20 Given the number of schemes (both in terms of Welfare Funds and schemes) addressed to specific categories of workers, there is a case for establishing a State-level board that will, *inter alia*, extend social security coverage to all the workers. At the same time, such a State-level body can also take care of the implementation of national level schemes. It is with this in mind that the Commission has proposed an authority each at the national level as well as at the state level (Chapters 5 and 8).

11.21 Although a number of schemes are being implemented by both the Central and State governments, their total coverage is estimated to be about 21 million workers. In other words, only about 6 per cent of the unorganised/informal workers in the country are covered under any of the social security measures. It is further estimated that small and large NGOs in the country provide some social security cover to about 2 per cent of the workforce in the unorganised sector.

11.22 The most common form of security cover provided by the NGOs is in the area of health security. This is achieved mainly through the provision of a health insurance cover in any of two ways. First, the NGO acts as an intermediary between the provider of insurance and the community. The second method is more common wherein the NGO itself provides the insurance cover. In most cases, the insurance covers hospitalisation and additional expenses of medicine.

11.23 There is a clear relation between the provision of insurance and availability of health infrastructure. This is clearly important when considering any national level health insurance programme. Unless the health infrastructure is strengthened, particularly in the rural and remote areas, a health cover would be meaningless. The maximum NGO presence in the case of such social security coverage is in the southern states of Andhra Pradesh, Karnataka and Tamil Nadu, and the western states of Maharashtra and Gujarat (Chapter 6).

11.24 The report has examined the international experience in the area of social security by studying: (a) the historical experience of Western countries, and (b) the recent experience of developing countries, in extending social security. Many countries are, in fact, following a model that combines social security arrangements while striving to enhance aggregate economic growth, and this would apply to developing countries.

11.25 The historical experience suggests that there is hardly any effective alternative to the role of the State in providing a modicum of social security, especially to the poorer sections of the population. A process of industrialisation and increased urbanisation of

the economy and the society have accompanied the process of evolution of social policy in Europe.

11.26 The report examines the experience of developing countries such as China, Indonesia, Tunisia and Brazil in the area of social security. China's social security system may be viewed in the context of urban and rural social security. The social security for the poor in urban China is based on household income and other indicators of the quality of living. Counties in all provinces have some form of rural old age pensions. The contributions come from beneficiaries, and local governments as well as the Central Government. Another protective cover given by China is to meet the contingency of natural disasters. This is given to the affected population in the form of cash or kind. Health insurance through Community Medical Schemes (CMS) is being encouraged and the government is providing a part of the contribution. In fact, the contributions are in the nature of "10+10+10", i.e. equal contributions of ten Yuan by the beneficiary, local government and the Central Government.

11.27 Indonesia has come out with a National Social Security Reform Bill. This new Indonesian National Social Security System will be established in accordance with what is called 'the three pillar approach'. These are: (1) social assistance for citizens who lack the financial means or access to their basic needs or face contingencies such as natural disaster, social unrest, illness, old age or loss of employment. It will be financed by the state budget or by community funds; (2) a compulsory social insurance scheme, financed by employers and employees; and (3) a voluntary private insurance, in which a person may opt to take out additional insurance. In Tunisia, which has covered 83 per cent of its workers under some form of social security, the Social Development and Social Assistance Programmes are intended for low-income categories and persons who are not covered by any social security schemes. These are run essentially either by the State or by associative bodies. In Brazil, there is a well-established social security system for all workers in the organised/formal sector of the economy. In addition, there are private social security funds (as well as those by public enterprises), membership of which is on a voluntary basis involving defined contributions or benefits (Chapter 7).

11.28 The Commission examined the recommendations of three national bodies that had advocated the establishment of a national social security scheme for the unorganised workers. The National Commission on Rural Labour (NCRL, 1991) under the chairmanship of Dr. C. H. Hanumantha Rao, discussed the issue of social security and recommended minimum social security benefits such as old age pension, life insurance, maternity benefit, disability benefit (accident compensation), minimum health care and sickness benefit. Similarly, the Second National Commission of Labour (NCL, 2002), while covering the aforesaid benefits, also suggested the constitution of a high-powered National Social Security Authority and a Social Security Fund at the national and State levels. Following the recommendations of this Commission, the government formulated the Unorganised Sector Workers' Bill, 2004, covering both social security and conditions of work. The National Advisory Council (NAC, 2005) also prepared a draft Bill titled 'The Unorganised Sector Workers' Social Security Bill' for the unorganised sector. The NAC draft proposed social security benefits without any

contribution from workers (except for old age pension) and the financing was proposed to be realised mainly from the levy and collection of cess, etc. The NAC also proposed the constitution of a National Social Security Authority as a corporate body (Chapter 8).

11.29 The National Social Security Scheme now proposed by the Commission is based on defined contributions. These contributions are meant to be utilised as premiums for insurance to cover: (a) hospitalisation, (b) maternity and life insurance, and (c) old age security. As per the defined contribution of Rs. 3/- per worker per day (contributed equally by the worker, employer and the Government), a sum of Rs.1095/- will be available per worker per year. This may be split into three premiums, viz. hospitalisation, maternity and sickness allowance; life insurance; and old age security. In the scheme of things suggested by the Commission, it will be the responsibility of the State Social Security Boards to negotiate with the concerned insurance agencies, with the help of the National Social Security Board, and decide on how best to apportion the contribution and secure the best possible deal. The Commission has suggested a division of the annual premium of Rs. 1095/- into a premium of Rs. 380/- for health benefits and maternity cover, Rs. 150/- for life insurance, and Rs. 565/- for old age security.

11.30 A single policy on health and maternity is expected to cover a typical family of five members. The minimum benefits being envisaged are: hospitalisation cover up to Rs. 15,000/-; maternity benefit of Rs. 1,000/- (maximum) per delivery; personal accident cover in the event of death of the earning head of the family to the tune of Rs. 25,000/-; and sickness cover for the registered worker during hospitalisation at Rs. 50/- per day for a maximum period of 15 days. The State Social Security Boards are expected to negotiate with the insurance provider regarding the nature and extent of benefits, taking into account the State-specific contexts, in order to ensure the best possible cover to the registered worker.

11.31 The social security identity cards issued to the worker/family shall allow him/her to avail of the prescribed facilities on the basis of either a cashless system or the reimbursement of expenses. The Commission is of the opinion that a cashless system is the more appropriate one for the informal workers.

11.32 As regards old age security, the Commission has recommended the following two alternative benefits: (a) Monthly old age pension of Rs. 200/- to all poor (BPL) old-aged (60+ years) workers, and (b) Provident Fund to all other workers (who are required to contribute to the national social security scheme). A premium of Rs. 565/- is available per worker per year to all Above the Poverty Line (APL) workers for old age security, and towards Provident Fund which the worker can also use to purchase an annuity available from the age of 60 years.

11.33 The Commission recommends that the PF may also be designed as an Unemployment Relief by permitting the workers to withdraw up to half of his contribution depending on the period of unemployment. However, a minimum lock-in period of ten years is recommended.

11.34 While the scheme will be contributory in nature with the workers, employers and government contributing Re. 1/- per day or Rs. 365/- per annum, in practice, it will involve contributions of the workers and the government at Re. 1/- and Rs. 2/- per day, respectively. This is because only 17 per cent of the informal workers (in the non-agriculture sector) have identifiable employers and their contribution will have to be paid by the government and recovered through tax/cess. BPL workers will be exempted from their contributions, which shall be paid by the Central Government on their behalf. The remaining government contribution shall be shared by the Central and State governments in the ratio of 3:1. In addition, as indicated in para 11.32, the BPL workers shall be provided an old age pension. The cost of the pension shall be borne by the Central Government and shall substitute the contribution of governments towards their PF contribution (Rs. 565/worker/year).

11.35 The National Social Security Board will formulate and implement the scheme at the Central level, while the State Social Security Boards will do the same at the state level. Worker Facilitation Centres, which may be NGOs, trade unions, or Panchayati Raj Institutions, will facilitate the scheme, including the registration of workers. The actual registration of the workers as well as the issue of identity cards will be the responsibility of a District Committee, which would liaise between the State Board and the WFCs. It is envisaged that all eligible workers shall register under the scheme within five years.

11.36 In 2006-07, the contribution of the Central Government will be Rs. 6,674 crore including administrative expenses, which will increase to Rs. 20,582 crore in 2010-11. As a percentage of the GDP, the additional financial requirement of the Central Government works out to 0.17 per cent in the first year and 0.39 per cent in the fifth year. As a percentage of the gross tax, the additional financial requirement works out to 1.51 per cent in the first year and 2.74 per cent in the fifth year. The Commission's examination of the entire additional financial requirements of both the Centre and the State taken together shows that these requirements, as a percentage of the Gross Domestic Product (GDP) at market prices rise from 0.20 per cent in 2006-07 to 0.48 per cent in the year 2010-11 (Chapter 9). It may be mentioned that, for various reasons elaborated in the report, these figures are to be considered as upper limits to the proposed contributions/expenditures. Further, it will be up to the Central and State governments to devise ways to collect the employer's share, or to raise the required amount through appropriate social security tax or cess.

11.37 The implementation of the social security scheme entails various responsibilities for diverse stakeholders in the context of the legislation on social security. The Central Government would enact an enabling legislation and arrange for and implement the scheme through the creation of a National Social Security Fund and a National Social Security Board. The State governments shall be responsible for the creation of a Social Security Board for Unorganised Workers as well as a Social Security Fund. The State governments will also be responsible for setting up District Committees that would act as the registering authority of the workers.

11.38 The State Board shall be responsible for devising an appropriate criterion for the identification of the Workers' Facilitation Centres (WFC), which may be designated *gram panchayats* or other organisations like NGOs and trade unions, keeping in view their institutional credibility as well as experience in managing social security schemes. The WFCs shall be responsible for the identification of the beneficiaries and the proper maintenance of records pertaining to the social security benefits made available to them. They also have to monitor the delivery of social security benefits in co-operation with institutions designated to deliver such social security (Chapter 11).

11.39 In order to provide legislative backing for the national minimum social security scheme proposed here, the Commission has drawn up a comprehensive draft Bill for the consideration of the Government of India. Such a legislative back-up will make the scheme a right-based one for the unorganised workers in the country. It will thus initiate a much-needed process of inclusion of the unprotected labour in the country insofar as a modicum of protective social security is concerned (Part II).

SOCIAL SECURITY FOR UNORGANISED WORKERS REPORT

PART -II

UNORGANISED WORKERS' SOCIAL SECURITY BILL, 2006.

Notes:

- 1. The Commission had submitted the draft 'Unorganised Sector Workers Social Security Bill, 2005' to the Honourable Prime Minister in August 2005. Unorganised Workers Social Security Bill, 2006 now being submitted contains modifications to the earlier draft Bill.**
- 2. Significant changes are as under:**
 - a) The monthly income limit for qualifying to be an unorganised worker has been raised from Rs. 5000/- per month to Rs. 6500/- per month in Section 2(j) and 2(m) of the draft Bill.**
 - b) National Minimum Social Security Benefits proposed for the unorganised worker has been revised in Section 4(1). Old Age Pension is recommended for BPL workers above 60 years and Provident Fund cum unemployment relief for others.**
 - c) This draft Bill would cover the Unorganised/ informal worker in the unorganised sector as well as those in the organised sector having no social security cover.**

UNORGANISED WORKERS SOCIAL SECURITY BILL, 2006.

Statement of objects and reasons

Chapter I PRELIMINARY

1. Short title, extent, commencement and application
2. Definitions
3. Rules of evidence

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-
-
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Chapter II SOCIAL SECURITY BENEFITS

4. Framing of schemes.

Chapter III NATIONAL SOCIAL SECURITY FUND FOR UNORGANISED WORKERS

5. Constitution of a National Fund
6. Existing Welfare Boards/Funds
7. Exemption from Income Tax
8. Utilisation of the National Fund

Chapter IV NATIONAL SOCIAL SECURITY BOARD FOR UNORGANISED WORKERS

9. Establishment and incorporation
10. Functions of the Board
11. Composition of the Board
12. General Council
13. Executive Council
14. Secretariat of the Board

Chapter V
STATE SOCIAL SECURITY BOARDS FOR UNORGANISED WORKERS

- 15. Establishment of State Boards
- 16. State Funds
- 17. Functions
- 18. General Council
- 19. Executive Council
- 20. Secretariat of the Board

Chapter VI
REGISTRATION OF UNORGANISED WORKERS

- 21. Eligibility for registration and for social security benefits
- 22. Unique Identification Social Security Number
- 23. District Committee for registration of workers
- 24. Identity card
- 25. Portability of registration
- 26. Cessation of registration

Chapter VII
DELIVERY OF SOCIAL SECURITY BENEFITS

- 27. Implementation machinery
- 28. Workers' Facilitation Centres
- 29. Premium and compensation/benefits

Chapter VIII
DISPUTE RESOLUTION BODIES AND THEIR CONSTITUTION

- 30. Resolution of disputes
- 31. Reference of disputes
- 32. Consequences of contravention of provisions of this Act

Chapter IX
MISCELLANEOUS

- 33. Accounts and audit
- 34. Power to make rules
- 35. Savings

Statement of objects and reasons

The unorganised sector of the economy in India is the largest sector in terms of employment of the workforce. It consists of agriculture and such related activities as forestry, livestock and fishing as well as non-agriculture. The workers may be broadly divided into self-employed and wage workers. Wage workers may be sub-divided into those: (a) working in the unorganised sector, and (b) working in the organised sector without any social security cover. Around 90 per cent of the workers in India are covered by neither any formal system of social security nor regulation of conditions of work. This Bill is intended to provide a measure of social security to the workers in the unorganised sector. This Bill proposes a model that will be inclusive in nature and provide for a clearly demarcated division of responsibilities between the Central and State governments. It mandates the Central and State governments to implement a National Social Security Scheme.

UNORGANISED WORKERS SOCIAL SECURITY BILL, 2006.

A BILL

to provide for social security and welfare of unorganised workers and to provide for other matters connected therewith or incidental thereto.

BE it enacted by Parliament in the fifty-fifth year of the Republic of India as follows:-

Chapter I

PRELIMINARY

1. Short title, extent, commencement and application:

(1) This Act may be called Unorganised Workers' Social Security Act, 2006.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint.

2. Definitions:

For the purposes of this Act, unless the context otherwise requires, -

- a) **"Agriculture"** would include the following occupations:
 - (i) Farming, including the cultivation and tillage of soil, etc;
 - (ii) Dairy farming;
 - (iii) Production, cultivation, growing and harvesting of any horticultural commodity;
 - (iv) Raising of livestock, bee-keeping or poultry;
 - (v) Fishing and/ or fish farming;
 - (vi) Any practice performed on a farm as incidental to, or in conjunction with, the farm operations (including any forestry or timbering operations and the preparation for market and delivery to storage or to market or to carriage for transportation of farm products);
 - (vii) Growing fodder or thatching grass or for grazing cattle.
- b) **"Central Government"** means the Government of India;
- c) **"Employer"** means a natural or juridical person, or an association of such persons, by whom any unorganised worker is engaged or employed either directly or otherwise, for any remuneration;
- d) **"Home-based worker"** means a person involved in the production of goods or services for an employer in his/her own home or other premises of his/her choice other than the workplace of the employer, for remuneration, irrespective of whether or not the employer provides the equipment, materials or other inputs;
- e) **"Identity card"** means a card issued to a worker carrying a unique social security number issued by the authorised agency of the State Board;
- f) **"National Board"** means the National Social Security Board for unorganised workers;
- g) **"Registered Worker"** means an unorganised worker registered for social security under this Act;
- h) **"State Government"** means the Government of a State in the Indian Union;

- i) **“State Board”** means the (name of the State) State Social Security Board for unorganised workers;
- j) **“Self-employed worker”** means any person who is not employed by an employer, but directly engages himself/herself in any occupation in the unorganised sector, subject to a monthly earning of Rs. 6500/- or such limits as may be notified from time to time, or, subject to such ceiling on land cultivated as may be notified from time to time by the State government;
- k) **“Unorganised Sector”** consists of all unincorporated private enterprises owned by individuals or households engaged in the production and sale of goods and services and operated on a proprietary or a partnership basis and employing less than ten persons”.
- l) **“Unorganised worker”** means a self-employed worker or a wage worker in the unorganised sector and includes wage workers in the organised sector without any social security cover;
- m) **“Wage worker”** means a person employed for a remuneration in the unorganised sector or in the organised sector without any social security cover, directly by an employer or through any agency or contractor, irrespective of place of work, whether exclusively for one employer or for one or more employers, whether simultaneously or otherwise, whether in cash and/or in kind, whether as a home-based worker, or as a temporary or casual worker, or as a migrant worker, or as an outworker, or, workers employed by households including domestic workers, with a monthly wage of not more than Rs. 6500/- or such limits as may be notified from time to time, but does not include an unpaid family worker.

3. Rules of evidence:

In this Act, notwithstanding anything contained in the Indian Evidence Act, 1872, the burden of proof that compliance with the provisions of the Act and the Scheme has been effected shall be entirely on the employer and the units of the Board, wherever applicable.

[Explanatory Note: This section facilitates shifting of the burden of proof from the workers to the employer. This is a departure from the normal practice and ordinary rules of evidence, which places the burden on the plaintiff.]

Chapter II

SOCIAL SECURITY BENEFITS

4. Framing of Schemes

(1) By this Act, the Central Government shall formulate a scheme to be called National Social Security Scheme for the unorganised workers consisting of the following national minimum social security benefits:

(i) Health benefits in the form of health insurance for self, spouse and children below the age of 18 years, sickness allowance, and maternity benefits for women workers or spouse of men workers;

(ii) Life Insurance to cover natural and accidental death;

(iii) Old age security in the form of old age pension for BPL workers above the age of 60 years and Provident Fund-cum-unemployment relief for all other workers.

(2) In addition to the national minimum, the Central Government may frame such schemes as it may deem necessary or finance such schemes of the State governments as it may find appropriate, subject to availability of finance by such means as mentioned in Section 5 and may include those listed under (3) below.

(3) The State Government may formulate such unorganised worker-based schemes as it may find appropriate to: (a) strengthen the national minimum social security by way of its own contribution, and/or (b) design and implement additional social security benefits through its own schemes. These may include:

- a) Provident Fund schemes;
- b) Employment injury benefit scheme;
- c) Housing schemes;
- d) Educational schemes for children of workers;
- e) Skill upgradation of workers;
- f) Funeral assistance;
- g) Marriage of daughters; and
- h) Any other schemes to enhance the socio-economic security of the unorganised worker.

Chapter III

NATIONAL SOCIAL SECURITY FUND FOR UNORGANISED WORKERS

5. Constitution of a National Fund

The Central Government shall create a National Social Security Fund to which contributions shall accrue from the following sources:

- a) Grants and loans from the Central Government;
- b) Contributions from workers, employers and Governments for the specified national minimum social security shall be as under:
 - (i) Re. 1/- per day by the worker, provided that for those below the poverty line (BPL), the contribution shall be made by the Central Government;
 - (ii) Re. 1/- per day, per worker, by the employer, provided that where the employer is not identifiable, the contribution shall be shared by the Central Government and the respective State governments in the ratio of 3:1;
 - (iii) Re. 0.75 per worker, per day, by the Central Government, and Re. 0.25. per worker, per day by the State government.

[Explanatory note: The contribution of Central and State governments in (iii) above is in accordance with the practice of Government contribution to social security schemes in the organised sector.]

- c) Any tax or cess that the Central Government may impose for the purpose of providing social security for unorganised workers;
- d) Any tax or cess that the Central Government may impose on commodities and/or services in lieu of employers' contributions (which are either difficult to collect or appropriate employers in the unorganised sector are not directly identifiable).

In addition to the above, contributions may also accrue from the following sources:

- e) Contributions from the national financial/developmental institutions; and
- f) Any voluntary contribution from individuals or institutions.

6. Existing Welfare Boards:

All eligible unorganised workers shall be entitled to register and obtain benefits under the national minimum social security scheme, which shall be in addition to the social security benefits provided by the existing Welfare Boards created by the Central or State governments, if any. Schemes, which are in existence and operated through the Welfare Boards may be continued by the respective Governments in the existing form or in any other way as they deem fit.

7. Exemption from Income Tax

All financial contributions made by individuals and institutions to the National Social Security Fund will be exempted from the payment of income tax under the Income Tax Act.

8. Utilisation of the National Fund

All contributions accruing to the National Board shall be credited to the Fund, which shall be applied for meeting the following:

- a) Expenses on social security schemes of the Central Government;
- b) Grants to the State Boards, including for the purposes of the functioning of the Workers' Facilitation Centres;
- c) Expenses on the administration of the scheme, subject to a ceiling of 5 per cent of the contribution of the Central and State governments as specified in Section 5;
- d) Investment in permitted schemes;
- e) Any other item in connection with the administration of this Act.

Chapter IV

NATIONAL SOCIAL SECURITY BOARD FOR UNORGANISED WORKERS

9. Establishment and Incorporation

With effect from such date as the Central Government may, by notification appoint, there shall be established for the purposes of this Act, a Board to be called the National Social Security Board for unorganised workers.

10. Functions of the Board

The National Board shall perform the following functions:

- a) Administration of this Act and formulation of policies at the national level, and shall have such powers as may be laid down to direct, co-ordinate, supervise, and monitor the functioning of State Boards and the Central Welfare Boards;
- b) Review the working including auditing of the State-level Social Security Boards and the Central Welfare Boards every four years and make suitable recommendations to the Government(s) concerned for further improvement;

- c) Manage and maintain the National Social Security Fund and provide financial assistance to State Boards;
- d) Advise the Central Government on policy matters relating to social security, health and safety and welfare of unorganised workers;
- e) Assist in capacity building of the State Boards, and collect, compile and publish statistics relating to the unorganised sector and undertake such promotional activities as may be decided from time to time.

11. Composition of the Board

(1) The National Board for unorganised workers shall be constituted by the Central Government consisting of the following member organisations:

- a) State Boards for unorganised workers;
- b) Central Welfare Boards for unorganised sector workers administered by the Ministry of Labour and Employment;
- c) National level unions of unorganised sector workers;
- d) National level voluntary associations of unorganised sector workers including the self-employed, with an explicit social security scheme for its members; and
- e) National level organisations of employers in the unorganised sector (such as organisations of tiny and small-scale industries, farmers organisations) and government/public institutions with a stake in the welfare of the unorganised sector workers such as the All India Handicrafts Board, All India Handloom Board, Central Social Welfare Board, Department of Women and Child Development, and Department of Small Scale Industries.

(2) The Central Government shall decide the number and names of such organisations to be represented on the National Board.

(3) The National Board shall work through a General Council and an Executive Council.

12. General Council

(1) The Union Minister for Labour and Employment shall be the Chairperson of the General Council.

(2) The Secretary to the Government of India, Ministry of Labour and Employment, shall be the Member-Secretary of the General Council.

(3) There shall be a General Council for the Board consisting of one representative from each of the member organisations.

(4) The General Council shall meet once a year within six months of the last day of the previous financial year.

(5) The General Council shall discuss and review the functioning of the National Board in the light of the annual report for the preceding year. It shall also provide a platform for members to articulate their views, ideas and problems with regard to the unorganised sector, in general, and social security issues, in particular, and shall give broad policy directions to the Executive Council.

13. Executive Council

(1) The Board shall have an Executive Council with the Secretary to the Government of India, Ministry of Labour and Employment, as its Chairperson and a fulltime Chief Executive Officer to be designated by the Central Government as its *ex-officio* Member-Secretary. In addition, the Central Government shall nominate the members to the Executive Council as per the following:

- a) Two representatives of the organisations of wage workers in the unorganised sector, who are members of the National Board;
- b) Two representatives of organisations of self-employed workers in the unorganised sector, which are members of the National Board;
- c) Two representatives of organisations of employers in the unorganised sector that are members of the National Board;
- d) One representative from any one of the Central Welfare Boards;
- e) One representative each of the Government of India from the Ministry of Agriculture, Finance, Health and Small Scale Industries;
- f) Six representatives of the State Boards;
- g) One expert in the management of insurance products and services;
- h) One experts in the area of social security and related issues in the unorganised sector; and
- i) One expert in the management of finances.

(2) The tenure of the members shall be for a period of three years. The Executive Council shall meet as often as required but not less than twice a year.

[a, b, c, and f may be based on the principle of rotation amongst the member organisations.]

14. Secretariat of the Board

The National Board shall have a secretariat with adequate professional and other staff. The staff of the National Board shall be governed by the Central Government rules and regulations existing from time to time. The annual budget of the National Board shall be prepared by the Secretariat and placed before the Executive Council for approval.

Chapter V

STATE SOCIAL SECURITY BOARDS FOR UNORGANISED WORKERS

15. Establishment of State Boards

(1) Each State shall have a State Board to implement the national minimum social security as well as design and implement State-level social security and welfare programmes for unorganised workers. The State governments shall constitute the State Boards within one year of the date of commencement of this Act. The State Boards shall have the following as its members:

- a) Workers Welfare Boards (both existing and newly designed) providing social security and welfare to the unorganised sector workers;
- b) Organisations which are registered as trade unions/co-operatives/charitable societies, engaged in the provision of social security for unorganised sector workers subject to such qualifying criteria as the State government may lay down;
- c) Departments or agencies of the State government acting as employers of the unorganised sector workers (e.g. public works department, forest department, or those employing *anganwadi* workers, *khadi* workers, etc.); and
- d) Representatives of organisations of self-employed unorganised sector workers;
- e) Representatives of employers' organisations in the unorganised sector;

(2) The State government shall decide the number and names of such organisations to be represented on the State Board.

(3) The State Board shall work through a General Council and an Executive Council.

16. State Fund

(1) The State government shall create a State Social Security Fund to which contributions shall accrue from the following sources:

(i) Grants and loans from National Board and the State government;

(ii) Any tax or cess that the State government may impose on commodities and/or services in lieu of employers' contributions (which are either difficult to collect or appropriate employers in the unorganised Sector are not directly identifiable);

(iii) Contribution toward additional social security scheme (if any) formulated by the State Board;

(iv) Contributions from the national financial/developmental institutions; and

(v) Any voluntary contribution from individuals or institutions;

(2) All financial contributions made by individuals and institutions to the State Social Security Fund will be exempted from the payment of income tax under the Income Tax Act.

(3) All contributions accruing to the State Boards shall be credited to the State Social Security Fund which shall be applied for meeting the following:

- a) Expenses on the implementation of the national minimum social security and additional social security schemes of the State Government;
- b) Grants to the Welfare Boards and the Workers' Facilitation Centres;
- c) Expenses on the administration of the State Board as per the annual budget approved by the Executive Council;
- d) Investment in permitted schemes;
- e) Any other item in connection with the administration of this Act.

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17. Functions

The State Boards will perform the following functions:

- a) Administer this Act at the State level including ensuring maintenance of individual accounts of the registered workers and records of receipt of contribution from individual employers;
- b) Implement the national minimum social security for unorganised workers through appropriate organisational arrangements, and stipulate norms for the evaluation of the work done by the Workers' Facilitation Centres;
- c) Collect the contribution from the registered worker and the employer and credit it to the account(s) as directed by the National Board;
- d) Implement social security schemes, in addition to the National Social Security Scheme, that the State Board may design in consultation with the State government;
- e) Provide financial assistance to other member organisations implementing social security programmes;
- f) Advise the State government on policy matters relating to social security, health and safety and welfare of workers;
- g) Create awareness among the unorganised workers about the need for social security registration and the existence of various social security schemes;
- h) Collect, compile and publish statistics, with the help of statistical organisations, regarding workers and their conditions of work, and employers who engage these workers at the *Panchayat*/Municipal, District, State levels with such details as gender and age, nature of occupation, level of earnings, etc.;
- i) Review the working of the Welfare Boards and other implementing agencies on the basis of annual reports and statements of audited accounts or specially commissioned reports and make suitable recommendations to the government(s) concerned for further improvement;
- j) Assist in capacity building of Workers Welfare Boards and Workers' Facilitation Centres;
- k) Initiate innovative approaches, through interaction across sectors and constituencies, for the enhancement of welfare, working conditions and productivity of unorganised workers; and
- l) Submit annual report to the National Board within four months from the last day of the previous financial year along with an audited statement of accounts.

18. General Council

(1) There shall be a General Council for the State Board consisting of one representative from each of the member organisations. The Minister for Labour in the State concerned shall be the Chairperson of the General Council. The Secretary to the State government concerned, Department of Labour, shall be the Member-Secretary.

(2) The General Council shall meet once a year within six months of the last day of the previous financial year.

(3) The General Council shall discuss and review the functioning of the State Board in the light of the annual report for the preceding year. It will also provide a platform for members to articulate their views, ideas and problems with regard to the unorganised sector in general and social security issues, in particular, and shall give broad policy directions to the Executive Council.

19. Executive Council

(1) The State Board shall have an Executive Council with the Secretary of the State government concerned, Department of Labour, as Chairperson and an official designated by the State government as Chief Executive Officer, who shall be the ex-officio Member-Secretary, after taking the view of the General Council of the State Board concerned. In addition, the State government shall nominate the members to the Executive Council as per the following:

- a) Two representatives of the organisations of wage workers in the unorganised sector, that are members of the State Board;
- b) Two representatives of organisations of self-employed workers in the unorganised sector, that are members of the State Board;
- c) Two representatives of organisations of employers in the unorganised sector that are members of the State Board;
- d) One representative from the National Board nominated by it;
- e) One representative each from the Departments of Agriculture, Finance, Health and Small Scale Industries of the State government;
- f) Not more than six representatives of the State level Workers Welfare Boards or organisations providing social security to the unorganised sector workers that are members of the State Board;
- g) One expert in the management of insurance products and services;
- h) One expert in the area of social security and related issues in the unorganised sector; and

i) One expert in the management of finances.

(2) The tenure of the members shall be for a period of three years. The Executive Council shall meet as often as required but not less than twice a year.

[a, b, c, and f may be based on the principle of rotation amongst the member-organisations.]

(3) Appropriate rules for appointment and removal from office of the chief executive shall be framed by the State government.

20. Secretariat of the Board

The State Board shall have a secretariat with adequate professional and other staff. The staff of the State Board shall be governed by the State government rules and regulations existing from time to time.

Chapter VI

REGISTRATION OF UNORGANISED WORKERS

21. Eligibility for registration and for social security benefits

(1) Every unorganised worker shall be eligible for registration subject to the following conditions:

- a) He/she should have completed 18 years of age; and
- b) a self-declaration confirming that he/she is an unorganised worker.

(2) Every registered worker shall be eligible for national minimum social security benefits only if payments of regular contributions have been made.

22. Unique Identification Social Security Number

Each registered worker shall be eligible for receiving a Unique Identification Social Security Number in the form of an Identity Card issued in the name of the State Board. With a view to prevent duplication of identity, the Identity Card shall also carry the registration number of the ration card of the worker. In the absence of a ration card, the registration number on the voter's card shall be entered in the Identity Card.

23. District Committee for registration of workers

A district level committee shall be constituted as the registering authority for the National Social Security Scheme. The District Committee will have the District Collector/Magistrate as the Chairman and the District Labour Officer as its Convenor and Nodal Officer. The District Committee shall include:

- a) Two representatives of workers' organisations such as unions, associations or co-operatives in the unorganised sector;
- b) Two representatives of organisations working among the unorganised sector workers who do not have organisations of their own;
- c) Two representatives of employers' organisations in the unorganised sector;
- d) One representative of the *Zillah Parishad* and one from amongst the *Nagar Palikas*; and
- e) A representative of the State Board.

24. Identity card

This Identity Card shall be issued under the authority of the District Committee based on a formal application for registration from workers and forwarded by the Workers' Facilitation Centre with its recommendation. The District Committee shall send the Identity Cards to the Workers' Facilitation Centre for distribution to the workers concerned.

25. Portability of registration

The Identity Card issued by the District Committee to workers shall remain valid even in the case of migration to another district in the country and the new address can be changed on application to the District Committee concerned.

26. Cessation of registration

(1) The validity of the Identity Card shall be for a period of three years from the date of registration and can be renewed. If it is not renewed within one year of expiry, the worker will cease to be eligible for the benefits of the scheme. Renewals would be allowed on payment of arrears of contribution, if any.

(2) In the event of death, the Identify Card shall become invalid after the settlement of claims and the name of the worker shall be removed from the list of registered workers.

Chapter VII

DELIVERY OF SOCIAL SECURITY BENEFITS

27. Implementation Machinery

(1) The member organisations of the State Boards shall be responsible for the delivery of mandatory social security benefits as decided by the State and National Boards. If adequate member organisations do not exist, the State Boards shall decide the manner in which social security benefits shall have to be delivered to the registered workers.

(2) The State Boards may decide on such delivery mechanisms as may be feasible under local conditions. This may include existing delivery mechanisms as Welfare Boards or through tie-ups with local organisations like banks, post offices and insurance companies.

28. Workers' Facilitation Centres

(1) In order to extend coverage and reach the unorganised workers in remote areas, the State Boards may designate any one or more of the following at the local level as Workers' Facilitation Centres (WFC) for purposes of facilitating registration of workers:

- a) Existing Worker Welfare Boards and their local offices;
- b) Local Panchayati Raj Institutions (PRI) or urban local bodies;
- c) Organisations of workers including trade unions, associations and co-operatives in the unorganised sector;
- d) Self-help Groups (SHGs); and
- e) Non-profit organisations working among the unorganised sector workers.

(2) Such designated Workers' Facilitation Centres shall perform the following functions:

- a) Disseminate information on available social security schemes for the workers;
- b) Facilitate the filling, processing and forwarding of application forms for registration of workers;
- c) Obtain registration from the District Committee and deliver the Identity Cards to the registered workers;
- d) Facilitate to enroll the registered workers in social security schemes;

- e) Act as an authorised intermediary in collecting contributions from the workers and employers to the social security schemes and remit them with the designated institutions;
- f) Ensure the delivery of social security benefits in co-operation with institutions designated to deliver such social security (insurance companies, post offices, Departments of the State/Central Government and other institutions concerned).

(3) The Workers' Facilitation Centres shall be entitled to charge such fees as may be decided by the State Board for the performance of its functions. Wherever required, it may also receive personnel recruited or deputed by the State Board for purposes of administration.

29. Premium and Compensation/Benefits:

(1) The National Board shall decide the amount and manner of payment of contribution by the workers to the National Social Security Schemes. It shall, however, be the responsibility of the State Boards to remit the contributions of registered workers and employers to the National Board.

(2) For schemes initiated by the State Boards, the State Board concerned shall decide the contributions of workers and employers.

(3) The claim of registered workers for social security benefits shall lie solely against the State Board and it shall be the responsibility of the State Board to settle the dues, if any.

Chapter VIII

DISPUTE RESOLUTION BODIES AND THEIR CONSTITUTION

30. Resolution of disputes

The State government shall constitute at least one Dispute Resolution Council in each district for resolution of disputes relating to the non-observance of provisions of this Act, arising amongst the unorganised workers, employers, Workers' Facilitation Centres and State Boards.

31. Reference of disputes

(1) Any unorganised worker or employer or organisation representing such worker or Workers' Facilitation Centres or State Boards may raise a dispute relating to the non-

observance of provisions of this Act by filing a complaint before the Dispute Resolution Council in the manner prescribed by the State Government.

(2) Upon reference of such dispute, the Dispute Resolution Council shall at the first instance proceed to arrive at a conciliated settlement to the satisfaction of all parties. Upon failure of such conciliation proceedings, the Dispute Resolution Council shall adjudicate on the matter as expeditiously as possible.

(3) Where the dispute pertains to any matter covered by any other existing law, the Dispute Resolution Council shall forward the complaint to the appropriate authority created under the relevant Act for adjudication and such reference shall be treated as a valid complaint under such Act.

(4) The Dispute Resolution Council shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (of 1908).

32. Consequences of contravention of provisions of this Act

Whoever contravenes any provisions of this Act or the rules made there under, other than those made punishable under any other law, shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to Rs. 5000/-, or with both, and in case of continuing contravention, with additional fine which may extend upto Rs. 100/- for every day during which such contravention continues. The Dispute Resolution Council shall be authorised to give the fine so collected either in whole or in part to the aggrieved party.

Chapter IX

MISCELLANEOUS

33. Accounts and Audit

- (a) The National Board and the State Boards shall maintain proper accounts and other relevant records and prepare annual statements of accounts in such form as may be prescribed.
- (b) The National Board shall furnish to the Central Government, before such date as may be prescribed, the audited copy of the consolidated account of itself and the Funds together with the auditor's report.

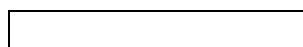
34. Power to make Rules

The Central and State governments shall have the power to make rules for the purposes of carrying out the objects of the Act.

35. Savings

This law shall not affect the functioning of any other State or Central Acts providing for substantially similar or superior benefits to the unorganised workers.

APPENDICES



Appendix 1

Past and Present Composition of the Commission

The composition of the Commission is as follows:

Professor Arjun Sengupta, Chairman, Centre for Development and Human Rights New Delhi	Chairman [From 20.09.2004 to 01.07.2005 and from 17.11.2005 till date]
Professor K. Jayashankar, Former Vice Chancellor, Kakatiya University, Warangal, Andhra Pradesh.	Full-time Member [From 01.12.2004 to 9.03.2006]
Professor K. P. Kannan, Fellow, Centre for Development Studies, Ulloor, Thiruvananthapuram 695011, Kerala.	Full-time Member [From 01.11.2004 till date]
Professor Ravi S. Srivastava, Professor, Centre for Studies in Regional Development, Jawaharlal Nehru University, New Delhi 110067.	Full-time Member [From 01.05.2006 till date]
Shri B.N. Yugandhar, Member, Planning Commission, New Delhi 110001.	Part-time Member [From 05.11.2004 till date]
Shri Bibek Debroy, Director,	Part-time Member [From 27.10.2004 to 20.12.2005]

Rajiv Gandhi Institute for Contemporary Studies,
New Delhi 110001.

Professor T.S. Papola,
Director,
Institute for Studies in Industrial Development,
Vasant Kunj Institutional Area, New Delhi.110070

Part-time Member
[From 06.04.2005 till date]

Shri K.K. Jaswal, IAS (Retd.)

Member Secretary
[From 01.11.2004 to 18.02.2006]

Shri V.K. Malhotra, IAS (Retd.)

Member Secretary
[From 01. 03.2006 till date]

Appendix 2

Composition of the Advisory Board

- 1. Professor Bhalchandra Mungekar,**
Member, Planning Commission,
Yojana Bhavan, New Delhi.
- 2. Professor Amit Bhaduri,**
Council for Social Development,
53, Lodhi Estate, New Delhi – 110003.
- 3. [Swami Agnivesh](#),**
President, Bonded Labour Liberation Front,
13, South Avenue, New Delhi.
- 4. Professor Sheila Bhalla,**
(Formerly Professor of Economics, Jawaharlal Nehru University, New Delhi.)
Institute for Human Development, Old IAMI Building (3rd Floor),
I.P. Estate, Mahatma Gandhi Marg, New Delhi-110002.
- 5. Professor Jean Dreze,**
Delhi School of Economics, Department of Economics,
Delhi University, Delhi-110007.
- 6. [Professor Mahendra Dev](#),**
Director,
Centre for Economic and Social Studies,
Begumpet, Hyderabad.
- 7. [Ms. Madhu Kishwar](#),**
Editor, Manushi
C-1/3 Sangam Estate, 1, Underhill Road, Civil Lines,
Delhi-110054.
- 8. [Ms. Mirai Chatterjee](#),**
Self Employed Women's Association (SEWA)
Opposite Victoria Garden, Bhadra, Ahmedabad-380001.
- 9. Shri Joginder Kumar**
President, Federation of Tiny & Small Scale Industries of India (FTSSI),
General Metal Industries, B-189, Industrial Estate, Ludhiana, Punjab.
- 10. Shri Nachiket Mor,**
Executive Director, ICICI Bank Limited
ICICI Tower, Bandra Kurla Complex, Mumbai.

Appendix 3

Composition of the Task Force on Social Security

- | | | |
|------------|---|-----------------|
| 1. | Professor K.P. Kannan,
Member, National Commission for Enterprises
In the Unorganised Sector, 19 th Floor, Jawahar Vyapar Bhavan,
New Delhi-110001 | Chairman |
| 2. | Ms. Mirai Chatterjee,
Self Employed Women's Association (SEWA),
Opposite Victoria Garden, Bhadra, Ahmedabad-380001 | Member |
| 3. | Professor S. Mahendra Dev,
Director, Centre for Economic and Social Studies,
Begumpet, Hyderabad | Member |
| 4. | Professor Ravi Srivastava
Professor of Economics,
Centre for Studies in Regional Development,
School of Social Sciences, Jawaharlal Nehru University,
New Delhi-110067 | Member |
| 5. | Professor Alakh N, Sharma,
Director, Institute for Human Development,
NIDM Building, 3 rd Floor, IIPA Campus,
Indraprastha Estate, New Delhi-110002 | Member |
| 6. | Dr. N. Vijayamohanan Pillai,
Associate Fellow, Centre for Development Studies,
Prasanth Nagar, Ulloor, Thiruvananthapuram-695011, Kerala | Member |
| 7. | Professor Jeemol Unni,
Professor, Gujarat Institute of Development Research, Gota,
Ahmedabad-380 060 (India) | Member |
| 8. | Swami Agnivesh,
Member, Advisory Board, NCEUS,
13, South Avenue, New Delhi-110001 | Member |
| 9. | Director General (Labour Welfare),
Ministry of Labour and Employment, Government of India,
Shramshakti Bhavan, New Delhi-110001 | Member |
| 10. | Shri Mahesh Kumar,
Director, NCEUS, 16 th Floor, Jawahar Vyapar Bhavan,
New Delhi-110001 | Convenor |

Appendix 4

Central Social Security Schemes

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Other Details
1# National Social Assistance Programmes (1995)					
a) National Old Age Pension Scheme	The applicant should be a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through the support of family members or other sources and more than 65 years of age.	Fully Central Government-sponsored	Rs. 75/- p.m.	States/UTs	Coverage is 72.8 lakh as in 2005-06.
b) National Family Benefit Scheme		-do-	Rs. 10,000/- in case of accidental and natural deaths	States/UTs	Coverage is 2.11 lakh as in 2005-06.
c) National Maternity Benefit Scheme	The family which is below the poverty line and who has lost the 'primary breadwinner' (will be the member of the household-- male or female--whose earnings contribute substantially to the total household income). The applicant should be in	-do-	Rs. 500/-, which is given 12-8 weeks prior to the delivery	States/UTs	Coverage is 11,52,558 as in 2000-01.

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Other Details
	the age group 18 to 65 years. Pregnant women of households below the poverty line for upto first two live births, provided they are 19 years of age and above.				
2. Social Security through Central Welfare Funds				Gol, Ministry of Labour.	
a) The Mica Mines Labour Welfare Fund Act (1946)	Mica mine workers	Financed out of proceeds of cess levied under respective Cess/Fund Acts on manufactured <i>beedi</i> , feature films, export of mica, consumption of limestone and dolomite and consumption and export of iron ore, manganese ore and chrome ore.	Medical assistance worth Rs. 150/- provided for the purchase of spectacles, Rs. 1500/- in case of permanent incapacitation, Rs. 450/- for 5 years for member's widows, Rs. 20,000/- per patient per year and reservation of bed in T.B. hospitals, treatment and subsistence allowance not exceeding Rs. 750/- p.m. in case of tuberculosis, reimbursement of expenditure up to Rs. 10 lakh for heart disease and kidney		The annual expenditure under these funds is around Rs. 100 crore covering more than 40 lakh workers and their families.
b) The Limestone and Dolomite Mines Labour Welfare Fund Act (1972)	Limestone and dolomite mine workers.				
c) The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act (1976)		-do-			
d) The <i>Beedi</i> Workers Welfare Fund Act (1976)	Iron ore, Manganese ore and Chrome ore mine workers	-do-			-do-

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Other Details
e) The Cine Workers Fund Act (1981)	Beedi workers.	Premium of Rs. 18/- per annum per member, which is shared 50-50 by the Labour Welfare Organisation and Social Security Fund.	transplant, etc. -do- - do-		-do-
	Cine workers whose income ceiling is Rs. 1600/- p.m.	Premium of Rs. 30/- per year per member is fully paid by the Labour Welfare Organisation.	They are insured under the General insurance Scheme providing Rs. 3000/- in case of natural death, Rs. 25,000/- due to accidental death or total disability, Rs. 12,500/- in case of permanent partial disability under Group Insurance scheme. Medical assistance worth Rs. 150/- provided for the purchase of spectacles, reservation of bed in T.B. hospitals, treatment and subsistence allowance in case of tuberculosis, reimbursement of expenditure up to Rs. 10 lakh for heart disease and kidney		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source Financing	Benefits	Implementing Agency	Other Details
			transplant, etc. Rs. 5000/- in case of natural death and Rs. 10,000/- in case of accidental death under Group Insurance Scheme.		
3# Varishta Pension Bima (July 14, 2003)	Unorganised sector workers aged 55 years and above.	Fully based on the investment of the beneficiary.	The amount of pension benefit may vary according to the amount invested subject to 9% of the minimum (Rs.33,335/-) and maximum (Rs.2,66,665/-) ceiling prescribed.	LIC	
4# Social Insurance Scheme Janashree Bima Yojana	Persons in the age group of 18 to 60 years and living below or marginally above the poverty line.	Premium is Rs. 200/- per beneficiary annually of which 50% is given from Social Security Fund and 50% from the beneficiary/state government/nodal agency	Rs. 20,000/- in case of natural death, Rs. 50, 000/- in case of death or total permanent disability due to an accident and Rs. 25,000/- in case of partial disability.	LIC	
5# Universal Health Insurance Scheme [UHS] (2003)	Unorganised sector workers.	Premium is Rs. 165/- for individuals annually, Rs. 248/- for a family of 5 and Rs. 330/- for a family of 7. For families below the poverty line, the government will provide premium subsidy of Rs. 200/- per	Insurance cover of Rs. 25,000/- on death due to accident and reimbursement of hospitalisation expenses up to Rs. 30,000/- to an individual/family .	Public sector insurance companies	Coverage is 11,408, which covers only 0.001% of the total number of persons. It is available to a group of 100 or more

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source Financing	Benefits	Implementing Agency	Other Details
		individual, Rs. 300/- for a family of 5 and Rs. 400/- for a family of 7.			families. However, the scheme provides for only hospital care and excludes maternity benefit, outpatient care, etc.
6 Scheme for Handloom Weavers and Artisans					
a) Thrift Fund Scheme	-NA-	The member contributes 8 paise per rupee of wage earned and the Central and State governments contribute 4 paise each to the fund.	Temporary advance, partial and final withdrawal	Weavers' co-operative societies/ Corporations etc.	The objective is to ameliorate some of the health problems related to this profession like T.B.
b) New Insurance Scheme				United India Insurance Company	
c) Group Insurance Scheme	-NA-	Central Government, State government and the handloom weavers @ Rs. 60/-, Rs. 40/-, and Rs. 20/-, respectively, share the annual premium of Rs. 120/-	Rs. 1000/- in case of loss of dwelling due to natural calamities or fire, Rs. 1 lakh in case of accidental death, reimbursement of hospitalisation charges up to Rs. 2000/- and maternity benefits.	-NA-	
d) Workshed-cum-Housing, Health Package and Group Insurance Scheme				Office of the Development Commissioner for Handicrafts	
e) Pension Plan Scheme		-do-			
f) Insurance for Powerloom Weavers	Master crafts-persons who are unable to work due to old age. Workers in the age group of	-NA-	Sum assured is Rs. 10,000/-.	-do-	
		-NA-	-NA-	-NA-	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Other Details
	18 to 60 years and earning Rs. 700/- per month.	The Central and State governments equally share the annual premium of Rs.120/-.	Rs. 1000/- per month Rs. 10,000/- in case of natural death, Rs. 20,000/- on accidental death in addition to the accumulated amount in the member's running account payable with the interest @ 11% per annum.		
7. Krishi Samajik Suraksha Yojana (July 1, 2001)	Every agricultural worker within the age group of 18-50 years.	The worker was required to pay Re. 1/- per day and the contribution of government was Rs. 2/- per day.	Benefits included life-cum-accident insurance, the lump sum amount of Rs 4,000/- as money back after the tenth year and to be doubled after every next 10 years till the age of 60 years, pension ranging from Rs. 100/- to Rs. 1900/- per month depending upon the age of entry.	LIC	This scheme will be carried out in 50 identified districts to cover 10 lakh agricultural workers. The Ministry of Finance has taken a decision to close this scheme. However, the workers registered till ¹ March 31, 2004 would receive the benefit.
8. Welfare Legislation for Building and Other Construction Workers a) The Building and Other Construction Workers Act	It is applicable to every establishment that employs ten or more workers in any building or	Contributions from beneficiaries, levy on cess on all construction works at a rate between 1 to 2% of the construction cost	Given in case of accidents, old age pension, housing loans, payment of insurance	Governments of Andhra Pradesh, Maharashtra, Uttar Pradesh, Madhya	These legislations provide for regulating the employment and

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Other Details
(1996) b) The Building and Other Construction Workers Welfare Cess Act (1996) c) Building and Other Construction Workers (RECS) Central Rules (1998)	construction work, where the project cost is more than Rs. 10 lakh.	incurred by an employer and non-mandatory grants by State/Central governments.	premium, children's education, medical and maternity benefits.	Pradesh, Manipur, Punjab, Goa, West Bengal and Delhi are in the process of completing the formalities to implement the Act. Kerala and Tamil Nadu have formed a Welfare Board.	conditions of service, safety, healthcare and welfare measures for the construction workers.

Note: # SL No. 1, 3, 4, & 5 are schemes meant for the welfare of the whole unorganised sector workers without any specification to a particular working class.

**Beedi* workers, brick-kiln workers, carpenters, cobblers, fishermen, *hamals*, handicraft artisans, handloom weavers, handloom and *khadi* weavers, ladies' tailors, leather and tannery workers, *papad* workers attached to SEWA, physically handicapped self-employed persons, primary milk producers, *rickshaw* pullers/auto drivers, *safai karmcharis*, salt growers, *tendu* leaf collectors, urban poor, forest workers, sericulture, toddy tappers, power loom workers, women in rural remote hilly areas.

Sources:

- a) Planning Commission (2005).
- b) NCL, (2002),
- c) <http://rural.nic.in/book01-02/ch-7.pdf>
- d) <http://pib.nic.in/archieve/lreleng/lyr2001/rdec2001/28122001/r281220012.html>
- e) <http://muepa.nic.in/programs/index2.htm>
- f) <http://labour.nic.in/dglw/welcome.html>

Appendix 5

State Level Social Security Schemes

1. KERALA

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Kerala Toddy Workers' Welfare Fund (KTWWF) (1970)	A toddy worker is defined as any person who is directly or indirectly engaged in the production (tapping), collection and distribution of toddy for his livelihood. All toddy shops/premises are covered under the Act (Fund).	Employee: 8% of his wages as PF, Employer: 8% towards PF and for gratuity equal to 5% of the wages of the employee.	Pension: Rs. 100/- p.m., Gratuity: 50% of monthly wage, Children's education: 50% of the contribution or Rs. 1200/-, Medical allowance: 50% of contribution or 3 months wage and Rs. 7000/- for cancer treatment.	Labour Dept. and Board of Directors	40,860 as on 31-10-03	Nil	Nil
(2) Kerala Labour Welfare Fund) (KLWF) (1977)	Workers in factories, plantations employing 10 employees and above, shops and commercial establishments employing two and more workers and co-operative institutions employing 20 workers and above are covered by the Fund.	Employer: Rs. 8 per half year per worker Employee: Rs. 4 per half year per worker	<i>Ex-gratia</i> : Rs. 2500/-, Grant to libraries: Rs. 5000/-, Children's education: Rs. 250/- to Rs. 1800/-, Medical benefit: Rs. 10,000/-, Craftsmen training: Rs. 150/-p.m. stipend.	Labour Dept. and Board of Directors	5,08,454	The Board has not been receiving financial assistance from the plantation sector and the government since 1991. With the slashing of interest rates on fixed deposits by banks, the board is finding it difficult	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
						to disburse the statutory benefits.	
(3) Kerala Head Load Workers' Welfare Fund (S) (KHEDLWWF, 1981)	A 'Head load worker' is defined as an individual who works for an establishment either directly or through a contractor for wages, in loading, unloading, carrying on his head or in a trolley, any article from any place. But this does not include a person engaged by an individual for domestic purposes.	Employer: 25 % of the workers' wage Employee: 10 % of wage	Pension: Rs. 200/- to Rs. 2400/-, Rs. 150/- p.m. (invalid pension), Death: Rs. 15,000/- (normal death), Rs. 50,000/- (accidental death), Rs. 3000/- (funeral expenses), Marriage: Rs. 5000/- for 3 times, Medical: up to Rs. 7000/- per annum, Bonus: 11% of the total wages in a year, Education: Rs. 200/- yearly, Rs. 100/- to 300/- (scholarship), Others: Rs. 10,000/- (family welfare), Rs. 5,000/- (festival allowance), 10% of the total wages earned in a year (terminal benefit), Rs. 60,000/- (construction of house), Rs.	Labour Dept. and Board of Directors	30,061 as on 31-03-2003	Nil	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			50,000 (repair of house).				
(4) Kerala Motor Transport Workers' Welfare Fund (KMOT WWF, 1985)	This Act covers any person who is employed for wages in a motor transport undertaking directly or through an agency to work in a professional capacity on a transport vehicle, like a driver, conductor, cleaner, station staff or checking staff member, cash clerk, time keeper, watchman or attender. An employee becomes eligible for membership on completion of three months of service.	Employer: 13 % of the workers' wage Employee: 8 % of the workers' wage	Pension: Net amount of pension amount with compound interest, Gratuity: at the rate of 15 days wages, <i>Ex-gratia</i> : Rs. 5000/-, Funeral assistance: Rs. 1000/-, Children's Education: maximum of Rs. 1200/-	Labour Dept. and Board of Directors	53,205 as on 31-01-2003	Nil	Nil
(5) Kerala Advocate Clerk Welfare Fund (NS) (KADCLWF, 1985)	A person who functions as an Advocate Clerk, registered under the Kerala Advocate Clerk Welfare Act and who is within the age limit of 20 and 70 years, is eligible for membership in this scheme.	Government: Rs. 90/- per year per member Employee: Rs. 60 per annum per member	PF: Rs. 10,000/- for 30 years, <i>Ex-gratia</i> : Rs. 1000/- to Rs. 2500/-, Funeral assistance: Rs. 500/-	Labour Dept. and Board of Directors	2569 as in March 1994	Nil	Nil
(6) Kerala Artisans Skilled Workers Welfare Fund (NS) (KARSWWF,	Workers in the informal sector such as tree climbers, goldsmiths,	Government: Rs. 2/- per every Rs. 10/- contributed	Retirement Benefit: Rs. 62, 720/-, at the completion of 42 years, <i>Ex-</i>	Labour Dept. and Board of	3,25,000 as in March 1994	Since maternity, marriage and	In order to tide over the financial constrai

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
1986)	carpenters, shoe makers, <i>beedi</i> makers, potters, <i>chakku</i> oil extractors, <i>cyclerickshaw</i> workers, gunny bag collectors, persons engaged in cycle and watch repair, milk and newspaper distributors, ice makers, milk extractors, photographers, tailors, barbers, <i>dhobis</i> and also all other workers who are not covered by any of the welfare schemes in the State, within the age limit of 20 and 58 years are eligible for membership in this scheme.	by the worker Employee: Rs. 10/- per month per worker	<i>gratia</i> : Rs. 10,000/-, Funeral assistance: Rs. 500/-, Children's education: Rs. 300/- to Rs. 1000/-, Marriage assistance: Rs. 1000/-, Maternity benefit: Rs. 500/-.	Director s		educational benefits are low and there is no provision for pension in the scheme, members are least interested in retaining the membership and opt to refund their contribution.	nt, it is necessary to increase the rate of subscription and the matching grant to 50% of the subscription.
(7) Kerala Cashew Workers Relief and Welfare Fund (S) (KCSH WRWF, 1988)	A cashew worker is any person who is engaged in any form of employment in the processing of cashew. The scheme applies to cashew workers and their dependents (husband/wife, unmarried daughters and minor sons and parents, minor brothers and unmarried	Government: equivalent amount contributed by the employer Employer: Re. 1/- per worker per working day Employee: Re. 1/- per worker per working day	Pension: Rs. 125/- p.m. at 60 years for workers and Rs. 200 p.m. for staff, <i>Ex-gratia</i> : Rs. 2500/-, Funeral expense: Rs. 1000/- for members and Rs. 500/- for pensioners, Children's education: Rs. 500/- to Rs. 2000/-, Maternity benefit: Rs. 1000/- for 3	Labour Dept. and Board of Director s	1.5 lakhs as in 2004	The Board is now facing an acute financial crisis. The industries seldom function due to non-availability of raw nuts and thus workers do not have a	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	sisters, fully dependent on the beneficiaries). He/she is eligible for welfare benefits of the Fund, provided he/she should be resident of the State, with a minimum of five years in the industry, annual income not exceeding Rs. 3600/- and is not covered by ESI/Maternity Benefit Scheme.		times, Marriage assistance: Rs. 1000 for 2 occasions			steady income	
(8) Kerala Khadi Workers Welfare Fund (S) (KKHWWF, 1989)	The workers who are employed for wages under employers, contractors, in Co-operative or self-employed for subsistence in <i>Khadi</i> industries are eligible to be a member of the Scheme	Government: 12 % of workers wage Employer: 12% of workers' wage Employee: 12 % of workers' wage	Pension: Rs. 100/- to Rs. 180/- p.m. at 60 years for 10 years membership, <i>Ex-gratia</i> : Rs. 5000/-, Funeral assistance: Rs. 350/-, Children's education: Rs. 1500/- or 25% of contribution, Medical benefit: 50% of contribution, Maternity benefit: Rs. 300/- for 2 times, Housing allowance: 25% of contribution for land purchase and 75% for construction of house.	Labour Dept. and Board of Directors	14,353 as in 2004	Nil	Nil
(9) Kerala Coir Workers Welfare	A coir worker is any person who	Government: Grant which	Pension: Rs. 100/- p.m. for	Labour Dept.	5, 50,000	The Board	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
Fund (S) (KCOR WWF, 1989)	is employed for wages to do any work in connection with the various processes in the coir industry and who gets his wages directly or indirectly from the employer, dealer or producer of coir products. This will include contractors or agents and anyone who depends mainly on the coir industry for his livelihood and any person employed in the coir industry (self-employed). Coir workers should register within 90 days of commencement. The Scheme also covers their dependents.	is twice the amount contributed by the workers and self-employed person. Employer: Contribution from every employer, dealer, producer, exporter, society of coir workers. Employee: Rs. 5/- p.m. per worker	member and Rs. 75/- p.m. for widows, Education assistance: Rs. 500/- to Rs. 1500/-. Marriage: Rs. 1000/-, Maternity, Rs. 300/-, Medical allowance: Rs. 350/-, Rs. 2500/- (permanent disability), Rs. 300/- (temporary disability), Death allowance: Rs. 5000/- and Rs. 200/- for funeral assistance. Others: Rs. 35,000/- per family (sanitation), Rs. 2,000/- per worker (electrification), Rs. 10 lakh per Panchayat (drinking water).	and Board of Directors	as on 31-03-2003	has a huge responsibility to pay 16 months pension to 55,000 coir workers, which makes the outstanding amount to Rs. 880 lakh as on March 2003.	
(10) Kerala Fishermen Welfare Fund (S) (KFMWF, 1986)	It covers all fishermen who are employed for wages in a fishing vessel or self-employed fishermen who are registered as members of the Fishermen's Welfare Society.	Fisherman: Rs 50/- per annum, Exporters and other dealers: 1% of the turnover, Boat owners: Rs. 100/- to Rs. 1000/- p.m. Craftspersons: Rs. 2/- to Rs. 10/- p.m. Nets: Rs. 5/-.	Pension: Rs. 120/- p.m. (for members and widows), Funeral expenses: Rs. 5000/-, Group insurance Scheme: Rs. 1 lakh (accidental death, missing, total disability), Rs. 50,000/- (partial disability), Hospital	Labour Dept. and Board of Directors	1,97,129 as in March 1994	The Supreme Court has ordered that the dealers' contribution should not be collected. The Board finds it difficult to	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		Farms PF Rs. 100/- to Rs. 300/- p.m.	expense: Rs. 2000/-, Death allowance: Rs. 20,000/-, Maternity benefit: Rs. 750/-, Marriage allowance: Rs. 1500/-, Education: Rs. 5000/- (higher studies and highest marks in SSLC), Medical: Rs. 50,000/- (fatal disease), Rs. 5000/- mentally retarded, Immediate relief: Rs. 2500/-			get adequate funds for welfare activity without this amount.	
(11) Kerala Handloom Workers Welfare Fund (S) (KHNDL WWF, 1989)	Any person aged 18 years or above who is engaged in any activity related to the handloom industry (in the private, public and co-operative sectors) and who gets wages directly or indirectly from the employer or contractor and all others who depend mainly on the handloom industry (self-employed) for livelihood are included. The scheme also covers their dependents.	Government: equal to the employee's contribution, Member: Rs 3/- and Rs 5/- p.m. from worker and self-employed person respectively, Employer: Rs. 6/- p.m. per worker, Dealers: based on the annual turn - over with minimum of Rs. 500/- and maximum of Rs. 8,500/- p.m.	Pension: Rs. 100/- p.m., <i>Ex-gratia</i> : Rs. 5000/-, Children's education: Rs. 250/- to Rs. 2000/- per annum, Marriage benefit: Rs. 2000/-, Medical benefit: Rs. 500/-	Labour Dept. and Board of Directors	48,407 as on 31-10-2003	Nil	Nil
(12) Kerala Abkari Workers Welfare	Abkari workers are arrack—	Employer: 15% of the	Pension: Rs. 200/- to Rs.	Labour Dept.	1872 as on 31-3-	Nil	Due to the ban

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
Fund (S) (KABWWF, 1990)	foreign liquor workers who are engaged in its storage, bottling, transportation and sale, with three months continuous service and are not covered by the Toddy Workers' Welfare Fund.	wages, Employee: 10% of the wages	300/- p.m. at the age of 60 years for a minimum of 3 years of work, Gratuity: 50% of average monthly pay, PF: 10% of employer's contribution and 8% of employer's contribution, <i>Ex-gratia</i> : Rs. 10,000/-, Funeral assistance: Rs. 1000/-, Medical benefit: up to Rs. 500/-, Marriage benefit: Rs. 2000/-, Housing loan: 12 months wages or his total contribution.	and Board of Directors	2004		on arrack in the State, the arrack workers have ceased to be members in the Fund. The Board is presently rehabilitating these arrack workers.
(13) Kerala Construction Workers Welfare Fund (S) (KCON WWF, 1990)	The scheme extends to two homogeneous categories of workers, namely: (a) construction workers (workers employed in any construction work such as masons, carpenters, bricklayers, excluding supervisory functionaries like engineers, etc.), and (b) quarry workers (workers engaged in quarrying including stone-	Government: 10 % of initial member's contribution per annum Employer: 1% of the construction cost and yearly contribution made by the contractors (Rs. 100/- to Rs.1000/-) Employee: Monthly contribution per member-slabs Rs. 10/-, Rs. 15/- and Rs. 25/-.	Pension Rs. 200/- p.m. Natural death: Rs. 1500/-, Accidental death: Rs. 1 lakh, Marriage benefit: Rs. 3000/- for daughter and Rs. 2000/- for son, Medical benefit: up to Rs. 5000/- and Rs. 10,000/- for permanent disability, Housing allowance: Rs. 50,000/-, Educational allowance: Rs. 5000/-.	Labour Dept. and Board of Directors	2,85,000 as in March 1994.	Nil	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	crushing, but not including supervisors).						
(14) Kerala Agricultural Workers Welfare Fund (S) KAGWWF, 1990)	All agricultural workers who are engaged in agricultural operations, within the age limit of 18-60 years, and covered by the Kerala Agricultural Workers' Act, 1974, are eligible to obtain welfare benefits under the Fund.	Employer: Landowners' contributions are 0.5-1 hectare: Rs. 10/- per year and others (>1h.) Rs. 15/- for each hour. Employee: Rs. 2/- per month per worker.	Pension: lump sum benefit of Rs. 25,000/- , <i>Ex-gratia</i> benefit: Rs. 1000/-, Medical benefit: Rs. 1000/-, Marriage Benefit Rs. 2000/-.	Labour Dept. and Board of Directors	96,000 as in March 1994	The expenditure on the scheme is increasing and it is becoming increasingly difficult to meet this expenditure with the existing revenue level.	It started with the objective to regulate the service conditions and provide welfare for the agricultural workers.
(15) Kerala State Lottery Agents Welfare Fund (NS) (KLOTAWF, 1991)	Lottery Agent: A person who is a regular agent and holds a valid identity folder as mentioned in Kerala State Lottery Rules 1977	Government: 20% of the members' contribution Employee: Category A/B Rs. 15 /Rs. 10 per month	Retirement benefit: Rs. 62,700/- for 40 years of work, <i>ex-gratia</i> : Rs. 1000/- for A class workers and Rs. 7000/- for B class workers.	Labour Dept. and Board of Directors	3242 as in March 1994	Nil	Nil
(16) Kerala Document Writers, Scribes and Stamp Vendors Welfare Fund (NS) (KDSVWF, 1991)	A person who functions as a Document Writer or as a Scribe or Stamp Vendor and is licensed under the Kerala Document Writer's (licence Rules) or the Kerala manufacture and sale stamp rule 1960). Membership is open to any person holding a valid licence and who is aged below 60 years.	Government: 10% of the members' contribution Employee: Category A/B Rs. 15 /Rs. 10 per month	Retirement benefit: Rs. 37,749/- for 35 years of work	Labour Dept. and Board of Directors	3255 as in March 1994	Nil	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(17) Kerala AutoRickshaw Workers' Welfare Fund (S) (KAUR WWF, 1991)	An auto rickshaw worker implies a person employed directly or indirectly or by himself through ownership (self employed) of the vehicle (auto rickshaw) in a professional capacity (either a goods carrier or passenger carrier). The scheme is voluntary and workers within the age group of 28 to 48 years are eligible to join it.	Government: 10% of the contribution by the members per month per worker Employer: Rs. 25/- every month Employee: Rs. 25/- per month per worker.	Retirement benefit: Rs. 1,45,264/- for 30 years of work, <i>Ex-gratia</i> : Rs. 25,000/-, Advance for purchase of autorickshaw: 75% of the contribution can be withdrawn.	Labour Dept. and Board of Directors	18,468 as on 31-04-2003	Nil	Nil
(18) Kerala Anganwadi Workers and Helpers' Welfare Fund (NS) (KAHWWF, 1991)	Persons who are working in Anganwadis (day care centres) like health workers, teachers and helpers are expected to be covered by this Fund.	Government: 10% of the members' contribution Employee: Worker Rs. 20/- per month and Helper Rs. 10/- per month	NA	Labour Dept. and Board of Directors	20,000 as in March 1994	Nil	Nil
(19) Kerala Tailors' Welfare Fund (S) (KTAWWF, 1995)	A tailor is defined as any person who is directly or indirectly employed by employers, contractors, agents or by himself through ownership of tailoring shops	Government: 10% of the workers' contribution Employer: Rs. 5/- per month per worker, registration fees of Rs. 100/- to Rs. 300/- based on the number of workers engaged Employee:	Pension: Rs. 100/- (disability pension), Rs. 100/- to Rs. 430/- (retirement benefit), Rs. 100/- to Rs. 258/- p.m. (family pension), Marriage: Rs. Rs. 1000/- for 2 times, Maternity benefit: Rs. 600/- for 2	Labour Dept. and Board of Directors	2,98,148 as in 2004	Nil	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		Rs. 10/- per worker and Rs. 10/- per self-employee per month.	times, Ex-gratia: Rs. 10, 000/-, Scholarship: Rs. 600/- to Rs. 300/-, Cash award: Rs. 500/- to 10 th passed students.				
(20) The Kerala Bamboo, Kattuvalli and Pandanus Leaf Workers' Welfare Fund (1998)	All bamboo, Kattuvalli and Pandanus Leaf workers and self-employed persons in the above industry who have attained the age of 18 years but not completed 60 years are eligible to become members.	Government: equal to the amount contributed by the workers and self-employed person, Employer: Rs. 7/- p.m. per worker, self-employee and worker: Rs 7/- p.m. Dealer: 1% of the sales' proceeds and those making use of the raw material should contribute 2% of the total cost of raw material.	<i>Ex-gratia</i> : Up to 1 lakh for death in an accident or permanent disablement, Housing: 50% loan and grant, Medical and educational benefit: Up to 80% contribution, Marriage: Rs. 3000/-, Maternity benefit: Rs. 1000/-, scholarship: Rs. 1000/- per annum.	Labour Dept. and Board of Directors	N.A	Nil	Nil
(21) The Kerala Beedi and Cigar Workers Welfare Fund (1996)	All <i>beedi</i> and cigar workers employed in the co-operative sector and private sector, and self-employed persons in the <i>beedi</i> and cigar industry come under the purview of this scheme.	Government: equal to the contribution by the employees, Employers: Rs. 6/- per mensem per every worker, Employee: Rs 3/- for worker and Rs. 5/- for every self-	Pension: Rs. 100/- p.m. <i>Ex-gratia</i> : Rs. 10,000/- for death or disablement, Marriage benefit: Rs. 2000/-, Maternity benefit: Rs.500/-	Labour Dept. and Board of Directors	39,000 as in 2004	High rate of wages when compared to the neighbouring States, financial constraint, prohibition of smoking in public	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		employed person per mensem				areas by the High Court of Kerala have weakened the industry.	
(22) Welfare Scheme Implemented by the Commission- arate of Labour							
i) The Agricultural Workers' Pension Scheme (1980)	Agricultural workers who have completed 60 years of age and whose annual income does not exceed Rs. 1500/- and who are members of the Kerala Agricultural Workers Welfare Board are eligible.	N.A	Pension: Rs. 120/- for those who have completed 60 years of age and whose annual income does not exceed Rs. 1500/- p.m.	Labour Dept. through local bodies	6,20,000 as in 2004	Nil	Nil
ii) The Kerala Tree Climbers' Welfare Scheme (1980-81)		N.A			N.A.	Nil	An amount of Rs. 2,69,000/- has been disbursed for the year till 2004-05.
iii) Cash Relief to Closed Cashew Factory Workers (1983-84)	Financial assistance to permanently and totally disabled tree climbers as result of accident.	N.A	Ex- gratia: Rs. 10,000/- for permanent and total disability.	Labour Dept.		Nil	
	N.A		NA	Labour Dept	16,025 as in 2004		Total amount paid for the year 2004 is Rs. 32,05,000/-.
New Welfare Schemes of 2004							

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(23) The Kerala Barbers' Welfare Scheme (2004)	Meant for barbers, beauticians and employees of beauty parlours in the age group of 18 to 50 years.	Government: Rs. 12/- per worker. Employee: Rs. 20/- p.m.	Pension: Rs. 100/- to Rs. 250/- p.m. Retirement Benefit: Rs. 62,750/- for 42 years service, Death assistance: Rs. 10,500/- and Rs. 1000/- as funeral expenses, Maternity benefit: Rs. 1000/- for 2 times, Marriage Benefit: Rs. 2000/-, Disabled pension: Rs. 1000/- p.m. Educational benefit: Rs. 500/- to Rs. 1500/-.	Labour Dept. and Board of Directors	50,000 (expected)	Nil	Nil
(24) The Kerala Laundry Workers' Welfare Scheme (2004)	Meant for laundry workers and workers in the dry cleaning industry who are between 18 and 50 years of age.	Government: Rs. 12/- per worker. Employee: Rs. 20/- p.m.	Pension: Rs. 100/- to Rs. 250/- p.m. Retirement Benefit: Rs. 62,750/- for 42 years service, Death assistance: Rs. 10,500/- and Rs. 1000/- as funeral expenses, Maternity benefit: Rs. 1000/- for 2 times, Marriage Benefit: Rs. 2000/-, Disabled pension: Rs. 1000/- p.m. Educational benefit: Rs. 500/- to Rs. 1500/-.	Labour Dept. and Board of Directors	25,000 (expected)	Nil	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(25) The Kerala Automobile Workshop Workers' Welfare Scheme (2004)	An employee or self-employed person in the age group of 20 to 54 years is eligible for the scheme.	Government: 10% of the total contribution by members. Employer: Rs. 10/- p.m. per worker. Employee: Rs. 20/- p.m. and Rs. 30/- p.m. for self-employed persons.	NA	Labour Dept. and Board of Directors		Nil	Nil

Source:

- (a) Kannan, K.P. (2002), and
(b) Government of Kerala (2005).

2. TAMILNADU

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Manual Workers' Social Security	Manual workers	Ammanual worker	Benefits are available for Group Personal Accident Insurance. In the event of death of a registered worker in an accident, a sum of Rs.1 lakh is paid to the nominee of the deceased. For the loss of limbs, eyes, etc., compensation is paid up to Rs. 1 lakh depending upon the percentage of loss.	State Government	The number of workers registered from		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
Security and Welfare Board (2004) (A new Board was created by merging nine earlier Boards)	registered with earlier nine Boards for welfare of auto rickshaw and taxi drivers, washermen, hairdressers, tailors,	stopay a monthly contribution of Rs. 100/- at the time of registration and has to pay Rs.	Assistance for education of the son/daughter ranging from Rs.1000/- to Rs.10,000/- per annum depending on the course of study and whether the student was a day scholar or lived in a hostel. Assistance for marriage a sum of Rs.2000/- and assistance for maternity a sum of Rs. 2000/- .		01.01.2004 to 31.12.2004 is 58,959. The total number of workers registered so far is 7.02 lakh.		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	pal m tre e wor ker s, ha ndi cra ft wor ker s, foo twe ar an d leat her go ods ma nuf act ure rs an d tan ner y wor ker s, arti sts, an d	. 10 /- on ce in tw o ye ar s for th e re ne wa l of re gis tra tio n.					

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	handloom and handloom silk weaving workers.						
(2) Welfare Board for Construction Workers (1995)	Construction workers in the age group of 15 to 60 years.	The local authority and government department	Rs. 1 lakh in case of death, loss of limbs, eyes, etc. Rs.1000/- to Rs. 10,000/- as education assistance, Rs. 2000/- as marriage assistance, Rs. 2000/- as maternity assistance, Rs. 2000/- as funeral assistance and Rs. 10,000/- as natural death assistance. Old age pension of Rs. 200/- p.m.	N A	6.31 lakh	A very low level of registration among workers	Nil

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		ents are liable to pay 0.3 % of the total cost of construction to the fund . Registration fee is				kers, weaknesses in financial management and failure to collect employees' contribution	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		at the rate of Rs . 25 /- per worker. Renewal fee is Rs . 10 /-. In addition a sum of Rs . 25 /- is pa				ly on time.	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		aid by the Board to the United India Insurance Company .					
(3) Old Age Pension : (1962)	All old - aged persons who are 65 years	Under the N S A P, the Government	Pension of Rs. 200/- per month is being given		4.68 lakh as on 31.01.2005		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	and above 60 years of age in the case of destitutes who are unable to earn a livelihood) and do not have a source of income	ment of India against contribution Rs . 75 /- out of the Rs . 200/- per month paid to these pension					

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	elderly or means of subsistence, who is not a professional beggar and does not have sons to support and does not have property	elderly who are above 65 years of age. For the rest who are between 60 and 65 years of age,					

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	per ty above the value of Rs. 50 00/-.	the State government pays the entire amount of Rs . 20 00/-.					
(4) Pension Scheme for the Destitute Phy	Physically handicapped destitute		Pension is being given.		58,618 physically handicapped destitute persons as		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
sically Handicapped :	persons aged 45 years and above , whose permanent disability is 50 % or more are eligible for this scheme. Other conditi				on 1.01.2005 .		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	ons applicable to Old Age Pension (OAP) (normal) scheme are applicable.						
(5) Destitute Widows Pension Scheme	Destitute widows who have not remarried		Pension is being given.		4.80 lakh as on 31.01.2005		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	d. No age limit is prescribed for this scheme. Destitute widows who have legal heirs of age 18 years or above are als						

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	o eligible . Other conditions applicable to OAP (Normal) scheme are applicable.						
(6) Destitute Agricultural Labourers' Pension (DA	Destitute agricultural labourers .Other con	NA	Pension is being given.	State government	91,446 as on 31.01.2005	The agricultural wages earned	NA

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
LP)	ditions applicable to OAP (Normal) scheme are applicable.					by the aged are not adequate to bring the target population above destitution, or the aged be	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
						beneficiaries are not doing any work and are totally dependent on D.A.L.P. In many of the di	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
						strict, agricultural operations are seasonal and hence the target population may still be	

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
						low the subsistence level.	
(7) Deserted Wives' Pension Scheme	Deserted wives who are not less than 30 years of age, deserted by their husbands				80,758 as on 31.01.2005		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	for a period of not less than five years or those who have obtained legal separation certificates from the competent cou						

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	rights of law , De ser ted wiv es hav ing leg al hei rs wh o hav e co mpl ete d 18 yea rs of ag e are als o elig ible for pe nsi on un der						

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	this scheme with similar conditions applicable to Old Age Pension scheme.						
(8) Anna-purna Scheme	Destitute s/ senior citizens covered under Nat		Beneficiaries are supplied with 10 kgs of rice per month free of cost.				

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	ional Old Age Pension Scheme .						
(9) Integrated <i>B eedi</i> Workers ' Housing Scheme	Bedi workers	G over n m en t of In di a wa s giv in g su bsi dy to a m axi m u m of Rs					

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		. 20,000/- or 50% of the cost of construction of a house, whichever ever is less and the State gove					

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		Government is giving Rs . 5, 00 0/- per house as State Government's subsidy .					

Sources:

- (a) Government of Tamil Nadu, (2004),
- (b) Krishnamurty, V. and R.P.Nair (2003),
- (c) Planning Commission (2005),

3. MAHARASTRA

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) The <i>Mathadi</i> Workers' Welfare Boards.	Manual workers engaged in loading and unloading of goods.	A 2% levy is deducted from each of the employers' total contribution given to the <i>Mathadi</i> Boards every month. An annual payment of Rs. 600/- is paid by each worker.	Regulation of conditions of work. Health: Two hospitals and 12 dispensaries providing a range of diagnostic services like radiology, pathology and sonography. Workers are insured against accident, injuries and the death. benefit of Rs. 25,000/- in case of injury and Rs. 2,00,000 in case of death. - Housing: housing facilities on ownership basis - Education: scholarships for the children		50,000 registered employers with almost 1,50,000 workers registered under 39 different <i>Mathadi</i> Boards		
(2) Maharashtra Security Guards Boards (1961)	Security guards	Employers deposit the wages earned along with a premium of 46.75% for covering social security and other	The following benefits are provided in accordance with the premium paid: Provident Fund (12 %); Gratuity (4%); Leave with wages (6 %); Paid holidays (1 %); Uniform (4 %); <i>Ex-gratia</i> (10 %)		2360 employers and 13,554 guards registered with the Board of Mumbai.		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
		benefits.	ESI (4,75 %).				

4. KARNATAKA

Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Karnataka Labour Welfare Board (2002)	68 identified occupational groups	NA	Medical assistance scheme: Rs. 5000/- to Rs. 10,000/- for ailments like heart surgery, kidney transplantation, cancer, tuberculosis, etc. Financial assistance for purchase of spectacles: Cost of spectacles will be reimbursed. Financial assistance for purchase of Hearing aid: Rs. 1000/- to Rs. 2000/- . Financial assistance for purchase of artificial organs of the body for the disabled Rs. 1000/- to Rs. 5000/-.	Social Security Authority, government of Karnataka	NA	Nil	

Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			Financial assistance to the pregnant woman workers – Maternity allowance: Rs. 1000/- to Rs. 2000/- Financial assistance to the workers in case of accidents: Rs. 1000/- to Rs. 3000/- depending upon the severity. Financial assistance to the family of the deceased workmen to perform last rites: Rs. 1,000/-. Supply of tricycles to disabled workers: Cost of tricycles will be borne by the Board. Self-employment scheme: Free supply of tailoring machines after completion of one year training in any of the Welfare Centres. Scholarship Scheme: Scholarship to the children of employees studying from eighth standard and above including professional courses from Rs. 500/- to Rs. 1,600/-, per year. Students undergoing typewriting training given Rs. 200/- per year.				

5. ANDHRA PRADESH

Serial no. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
Andhra Pradesh Labour Welfare Fund Board. (1998)	Factory workers, workers in shops and other establishments and motor transport workers.	Contribution from employees is Rs. 2/- per year and Rupees 5 from employers. Since 1990-91, the state government has given an annual grant of Rupees 20 lakh; however, it has not been able to contribute any grant during the last two years.	Medical Aid: Rs. 10,000 as one-time medical assistance to persons suffering from chronic diseases such as cancer, kidney - transplantation, bypass and open-heart surgery, brain tumour, AIDS. Emergent Economic Amelioration Relief: Rs. 10000 to the legal heir of contributor who dies in accident while on duty. Scholarships: to the children of workers who pursue different courses of study. Scholarships are granted to children from 7th standard to 12th standard and for various professional courses. Funeral Expenses: Rs. 2000/- towards funeral expenses to the legal heir of the contributing workman who dies while in service. Running income generating schemes in the Labour Welfare Centres like	State government	10 lakh as of 2002	Only 3 percent of funds are spent on welfare schemes. Administrative cost is very high (46 percent).	The fund has created lot of assets in a short span of 14 years. However, the annual reports of the fund are not available. It is high time that they introduce a scheme of old age pensions for workers enrolled in the fund after completion of 60 years.

Serial no. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			typewriting, tailoring and embroidery works for children and dependents of the contributing members. One-time financial assistance to workman or their children suffering from tuberculosis. Nutritional education schemes for girl children of the members. One-time grant of Rs. 5000/-to contributors having one girl child and who have undergone tubectomy/vasectomy operation.				

6. GOA

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
The Goa Employment (Condition of Service) and Retirement Benefit Act	The Act covers all workers in all establishments in every industrial activity, including services and	Contribution is to be made by the employer at the rate of 5% of the gross wages of the	Benefits: Retirement benefits to the unorganised sector workers who have completed 240 days of continuous employment. Contribution made by the employer in the workers' account				Employer to issue Social Security Card to the workers in both the organised and

	construction, and plantations. Only establishments engaged in agriculture and self-employed professionals are excluded for the Act.	workers	along with the interest accrued at 6 per cent or as fixed by the Government, will be paid to the worker when he reaches the age of 50 years, or to his dependent/heirs in case of death of the worker before the age of 50 years.				unorganised sectors. Detailed information of the worker is embossed in the chip of the card. This scheme allows for portability of the benefits of the scheme if the worker changes his employer.
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7. WEST BENGAL

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) State-assisted Scheme for Provident Fund	The Scheme covers all wage employed and self-employed workers (cycle <i>rickshaw</i> , head load workers, railway/street hawkers, auto <i>rickshaw</i> operators, masons and cobblers) between the ages of 18 to 55 years, having an average family income of not more than Rs. 3500/-.	Government: Equal sum contributed by the workers. Employee : Rs. 20/- p.m.	The worker will receive the total contribution along with the interest on attainment of the age of 55 years. In the event of death of the workers, the total amount, contribution plus interest accrued, will be paid to the nominee.	Govt. of West Bengal	6.45 lakh as in September 2005	Nil	The state identified 13 unorganised industries (out of 50) and 7 self-employed occupations (out of 16) are being covered in the first phase.
(2) West	Building and		Pension				

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
Bengal Building and Other Construction Workers' Welfare Board	construction workers		Benefits: On completion of 60 years of age, the worker is eligible for pension at Rs. 150/- per month. Medical expenses for treatment of major ailments: Maximum amount of Rs. 2000/- per annum paid to a registered worker towards medical expenses for the treatment of the beneficiary or his dependents suffering from TB, cancer, heart disease, kidney disease, leprosy etc. where an operation is involved, a maximum amount of Rs. 15,000/- may be sanctioned. Maternity benefit: Board to sanction a sum as may be determined for maternity benefit not more than twice. Assistance in case of accident: Rs. 200/- for the first five days and Rs.20/- per day for the remaining days subject to a maximum of Rs.1000/-. In case of disability, up to				

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			Rs. 10,000/-. Payment of death benefit: Rs. 10,000/- to the nominee. If the death is due to an accident during the course of employment, the nominee or dependent of the beneficiary may be paid Rs. 30,000/-.				

Source:

(a) Planning Commission (2005).

8. TRIPURA

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Assisted Scheme for Unorganised Workers (<i>Asanghatita Shramik Shayika Prakalpa</i>)	All wage and self-employed workers between the ages of 21 to 55 years in the unorganised sector in the state and with an average family income of not more than Rs.3500 per month	Each subscriber-worker and State Government Rs. 25/- per month.	The worker to receive the total contribution along with the interest on attainment of the age of 55 years. In the event of death of the workers, the total amount, contribution plus interest accrued, will be paid to the nominee				At the time of enrolment of the worker under the scheme an identity card cum passbook will be issued to the worker under the signature of the authorized officer on deposit of Rs.5 only.

(2) Tripura Beedi Shramik (Old Age pension) Scheme (2001)	A person who is fully engaged and dependent on manufacture of beedi for his/her livelihood and has attained the age of 65 years		Pension of Rs 125/- per month.				
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9. GUJARAT

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) The Gujarat Rural Workers Welfare Board a) The Group Insurance Scheme for Landless Agricultural Labourers:	Age group 15-60 years		Insurance for Rs. 1000/- in case of natural death, Rs. 2000/- for accidental death, Rs. 750/- in case of total handicap and Rs. 500/- for partial handicap. An additional Rs. 2000/- is given by the Government of India in case of death of head of the family member of an agricultural labourer.				This scheme ceased in 2000
b) The Group Insurance Scheme for Fisherman and Forest Workers: (1993)	Fisherman and forest workers		Coverage for Rs. 3000/- in case of natural and Rs. 6000/- in case of accidental death. Since 1995 the benefits have been raised to Rs.25,000 for accidental death and complete disability and Rs.12,500 for partial disability.				
	workers in the age		Similar to a) above		45,801 70 lakh		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
c) The Group Insurance Scheme for Salt Workers: d) The Shramik Suraksha Scheme: (1996) e) Financial Assistance Scheme for the welfare and development activities to agriculture labour and rural workers	group 18-60 years similar to the agricultural labourers scheme Rural and urban unorganised workers between 14 to 70 years. The government, semi-government, voluntary organisations, union and other organisations, engaged in the organisational, development and welfare of rural workers for the social, economic, education, health and cultural development of agriculture labourers and rural workers.		Rs. 20,000/- for accidental death, Rs.10,000 for disability. 100% assistance to Government and semi-government organisations, 75% assistance to workers' unions connected with development of agriculture labours and rural workers, and 50% assistance to other institutes.		workers		
(2) Welfare Scheme for Salt Workers	Salt workers located in 35 talukas of 13 districts of the state		1. Scheme of Salt Workers Welfare Centres 2. Seasonal <i>Balvadi</i>-cum-<i>Ghodiya</i>ghar Scheme 3. First Aid Boxes for Salt Workers.	Gujarat Rural Workers' Welfare Board.	45,801		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			4. <i>Kachcha/Pucca</i> Quarter scheme for salt workers. 5. Quarters for rest room scheme for salt workers. 6. Identity Cards to salt workers. 7. Scheme for total development of salt workers				

10. PUNJAB

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Old Age Pension (1964)	Men who are 65 years of age and above and women who are 60 years of age and above are eligible, subject to an income limit of Rs. 1000/- p.m., if the applicant is single and of Rs. 1500/- p.m. for couples.		A pension of Rs. 200/- per month per beneficiary		7.60 lakh as in January 2004		
(2) Financial Assistance to Widows and Destitute Women (1968)	Destitute women and widows of 60 years of age and above who are bona-fide residents of Punjab for the last three years.		Rs. 200/- per month per beneficiary		1.20 lakh women as on January 2004.		

Serial No. and Name of Scheme (Year Starting)	Target Group	Source of Financing	Beneficiaries	Implementing Agency	Coverage	Problems	Other Details
	Any widow or women including unmarried women of 30 years age and above, deprived of her husband's support, if her income is less than Rs. 1000/- per month.						
(3) Financial Assistance to Dependent Children (1968)	Available to orphan and destitute children below the age of 21 years, subject to the income of the mother or father/guardian not exceeding Rs. 1000/- p.m.		Pension amount of Rs. 200/- per month per beneficiary.		38,000 children in January 2004		
(4) Financial Assistance to Disabled Persons (1982)	Available to disabled persons, people handicapped with severe disability or permanently infirm due to blindness, retardation or chronic illness subject to the income of the person and the spouse or parents, if not married, not		Pension amount of Rs. 200/- per month		45,000 beneficiaries in January 2004.		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
	exceeding Rs. 1000/- p. m.						
(5) Punjab Labour Welfare Board(1974)	Industrial workers and their families.					Despite the setting up of a Board and a Fund, it was reported that the Board was not able to administer any welfare scheme due to paucity of funds in 2005.	Created in 1974 under the Punjab Labour Welfare Fund Act, 1965 headed by a Welfare Commissioner, Punjab

11. HARYANA

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Old Age Pension Scheme	Old persons who are unable to sustain themselves from their own resources, who are residents in Haryana and aged 60 years or above.		Monthly pension of Rs. 200/-.		At present, around 2.64 lakh pensioners		Pension is disbursed by the 7th of each month through the Patwaris under the supervision of the Circle Revenue Officer.

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(2) Pension to Widows and Destitute Women	Widows and destitute women or married women who have been deprived of financial support from their husbands and whose income from all sources is less than Rs.10,000/- per annum. A pensioner should be 18 years of age or above, and a Haryana domicile.		Pension is @ Rs.200/- p.m. per beneficiary.		Around 2.31 lakh beneficiaries -at present.		Pensions are disbursed by 7th of every month as in the case of Old Age Pension.
(3) Pension to Physically Handicapped Persons	People with a minimum of 70% disability including the blind, deaf and dumb, those with very low IQ, and the mentally retarded. The pensioners should be domiciles of Haryana and 18 years of age or above, subject to an income limit of Rs.10,000/- per annum.		Monthly pension of Rs. 200/- is provided to all the beneficiaries.		56,600		The pensions are disbursed by the 7 th of every month.
(4) Haryana Labour Welfare Board	Industrial Workers		Welfare programmes: Cash award to the children of industrial workers, Mukhya Mantri Shram Puraskar Yojana, Financial help				

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			to workers on daughter's marriage, reimbursement of computer education expenses, excursion-cum-study tours for workers, etc. Financial assistance in the event of accident. Financial help varies from Rs. 5000/- to Rs. 10,000/- on the basis of disability percentage fixed by the Government hospitals/ESI Board. In addition, a sum of Rs 5000/- is provided in case of fatal accidents.				

12. UTTAR PRADESH

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Old Age Kisan Pension Yojana	Persons above the age of 60 years		Rs. 125/- per month on reaching the age of 60 years.		About 12.3 lakh persons as in 2002.		

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(2) Viklang Pension Scheme	Destitute, handicapped persons having a monthly income of below Rs. 225/- .		Pension of Rs. 125/- per month				
(3) Welfare of Handi-capped			Grant-in aid for maintenance to destitute handicapped persons. Scholarship to the handicapped students and to the children of handicapped persons. Grant-in-aid for purchase of artificial limbs, hearing aids etc. Award for marriage between disabled and normal persons. Grant to handicapped for construction of shops. 12 schools for handicapped children where free education, boarding and lodging are provided. Workshops-cum-production centres for imparting free vocational				

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
			training with free boarding and food facilities				

13. MADHYA PRADESH

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) Welfare Boards for Unorganised Workers for the rural and urban areas	Applicable to the 36 employments specified in the Schedule	Every member will contribute to the Welfare Fund Contribution of the employer based on the number of workers.	Old age, family and disability assistance and pension, loan for purchase or construction of house, interest subsidy for housing loan taken from a Housing finance institution, assistance for education like scholarship, loan, interest subsidy for education loan, cash award for meritorious students, loan for tools and small machines, interest subsidy for loans for supplementary income generating activities, marriage assistance, medical assistance, maternity assistance, group				Constituted under the Madhya Pradesh Unorganised Labour Welfare Act, 2003 and Madhya Pradesh Unorganised Welfare Rules, 2005.

			insurance, assistance for payment of insurance premium, funeral assistance and ex-gratia payment in case of death.				
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14. Bihar

Serial No. and Name of Scheme (Year of Starting)	Target Group	Source of Financing	Benefits	Implementing Agency	Coverage	Problems	Other Details
(1) State Social Security Pension	Old persons, widows, destitute, handicapped persons and Bonded Labour	State government	Rs. 100/- per month as pension				

Appendix 6

Social Security Benefits for Workers in the Unorganised Sector Provided by the Welfare Boards in Kerala

Benefits	Abkari (liquor shop) Workers	Agricultural Workers	Artisans and Skilled workers	Auto rickshaw Drivers	Bamboo, Kattuvally and Pandanus Leaf workers	Beedi and Cigar Workers
1. Old age pension	A minimum Rs. 200/- p.m. and a maximum of Rs. 300/- p.m. depending on years of service.				A member who is unable to work due to infirmity or has completed the age of 60 years (ii) to persons who before the commencement of this Act the workers or self - employed persons for a period of less three years and completed the age of sixty	Eligible for pension @Rs. 1000/- after attaining the age of 58 years and have 3 years continuous membership in the Fund.

Benefits	Abkari (liquor shop) Workers	Agricultural Workers	Artisans and Skilled workers	Auto rickshaw Drivers	Bamboo, Kattuvally and Pandanus Leaf workers	Beedi and Cigar Workers
					years or who suffer from permanent ailment or disablement and are out of employment.	
2. Gratuity/ superannuation benefit	At the rate of 50% of average monthly pay for every year of membership in the Welfare Fund.	Rs. 25,000/-	A member who completes 42 years of service in the scheme will get Rs. 62,720/- as retirement benefit proportionate to his service in the scheme.	After completion of 30 years of service, the member worker would get a consolidated amount of Rs. 1,45,264/- as retirement benefits proportionate to his service in the scheme.		Cigar Workers of Kozhikode, Kannur districts who have completed 60 years of age as on April 1, 1997 or thereafter will get monthly pension.
3. Provident Fund	10% of the employee's contribution and 8% of the employer's contribution kept in the individual account of the member with interest accrued annually will be disbursed while the employee superannuates or is relieved from service.					
4. Death/ disability funeral expense	Rs. 1000/- will be sanctioned to the nominee of the member at the time of demise of the member.		If a member dies before his retirement, his dependent will get Rs. 10,000/- as death	In case of death of a member, his nominee will get Rs. 25,000/- as death benefit along with the eligible	A member who suffers from permanent disablement or to the family of a member who dies in accident gets up to Rs. 1 lakh.	A lumpsum payment to a maximum of Rs. 10,000/- in case of prolonged illness or incapacitating disablement of

Benefits	Abkari (liquor shop) Workers	Agricultural Workers	Artisans and Skilled workers	Auto rickshaw Drivers	Bamboo, Kattuvally and Pandanus Leaf workers	Beedi and Cigar Workers
			benefits and Rs. 500/- as funeral expenses in addition to the retirement benefits.	retirement benefit.		a member preventing him from continuing his work to any manual labour.
5. Medical/ care benefits		Rs. 8,000/- total may be reimbursed in connection with his treatment on production of bills along with the prescribed application form		As approved by the Board.	Non-refundable advance upto 80%.	
6. Maternity benefits		A woman member is eligible to get benefit of Rs. 1000/- for her delivery for two occasions.	A female member will get Rs. 500/- as maternity benefit two times during the entire period.		Rs. 1000/- to female member not more than twice	A woman member After completion of two years continuous membership get benefit of Rs. 500 /-.
7. Education- al assistance		Scholarship award has been granted to the dependent children of the members who have secured higher marks in SSLC examination on merit basis at district level.	Educational scholarships have been introduced for the children of the members at School Level Rs. 300/- Degree courses level Rs. 400/-, Master Degree courses level Rs. 750/- and Professional course level Rs. 1,000/-.	Education scholarships to the children	Non-refundable advance upto 80% in credit. Scholarship @ Rs. 1000/- per year for two years in Pre-degree/+2 courses for 15 students (SSLC 65%) marks)	
8. Loans and advances				75% of the contribution already made to the fund by the worker can be withdrawn for purchase of		

Benefits	Abkari (liquor shop) Workers	Agricultural Workers	Artisans and Skilled workers	Auto rickshaw Drivers	Bamboo, Kattuvally and Pandanus Leaf workers	Beedi and Cigar Workers
				auto rickshaw.		
9. Assistance for marriage of daughters		Financial assistance of Rs. 2,000/- for marriage of the female member or the member's daughter limited to two occasions.	Rs. 1000/- as marriage benefit for daughter.	Advance for marriage of daughters.	Rs. 3000/- marriage for female member (daughter) of the member	A female member gets Rs. 2000/- as marriage benefit who has completed two years continuous membership.
10. Housing assistance				Advance for purchase of land for housing		
11. Insurance						
12. <i>Ex-Gratia</i> payments						
13. Other benefits not included elsewhere	The Board is presently concentrating on the rehabilitation of the displaced attack workers of the erstwhile Kerala Abkari Welfare Fund Board					

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
1. Old age pension	A member on superannuation at the age of 60, completing one year of live membership in the Board is eligible for a minimum pension of Rs. 200/ p.m. and an additional Rs. 20/- per year of service beyond five years. When the worker becomes invalid due to disease or accident, he is entitled to get invalid pension based on the certificate from the Medical Board i.e. Rs. 150/- p.m.	After attaining the age of 60 years and whose annual income is Rs. 5,000/- is granted a monthly pension of Rs. 600/ to fishermen. An amount of Rs, 120/- per month is granted as pension to the widows of fishermen.	The pension is granted to a monthly rated staff is Rs. 200/- after attaining the age of 60 years or when rendered permanently disabled which incapacitates him to continue and daily rated workers is Rs. 125/-.	Rs. 100/- per month – unable to work due to old age, infirmity and who has completed the age of 60 years or who suffer from permanent disablement and out of employment.	A monthly pension @ Rs. 100/- on superannuation at the age of 60 years is paid	An employee who becomes totally and permanently disabled on account of illness will be invalidated if it is certified by a Medical Board and the worker will be paid a monthly pension @Rs. 150/- till the date of his death.
2. Gratuity/ superannuation benefit						The worker will get a minimum of Rs. 15,000/- at the time of his retirement on superannuation provided he would have worked at least 180 days in each year before his retirement. The worker will be paid an amount @

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
						10% of total wages earned during the entire period of his service on superannuation, retirement, disability, death etc. as terminal benefit/gratuity.
3. Provident Fund						
4. Death/ disability and funeral expenses	After death, family pension i.e. Rs. 100/- or half of the pension received by the pensioner is given to his spouse. In the case of death due to any cause while having a live membership, amount of Rs. 1500/- is paid as death relief to the nominee of the deceased worker. If the death is due to an accident at the work spot during employment, his nominee is eligible to get Rs. 1,00,000/- as accidental death relief. If permanent disability results due to the accident, the member gets Rs.	The fishermen who happen to face temporary disabilities due to accidents and are unable to go for fishing for not less than 7 days. The maximum amount admissible under this scheme is Rs. 500/-. On the death of the fisherman for any reason, the dependents are paid an amount of Rs. 5,000/- for meeting the funeral expenses.	A sum of Rs. 2500/- is granted as <i>ex-gratia</i> payment on events like accidental death of the members, prolonged illness or permanent disablement of the member incapacitating him to continue. In case of accidental death, the payment is made to the dependants. Rs. 500/- in the case of a member who dies during the	Rs. 75/- per month to the spouse of the deceased member. Rs. 2500/- per member if he/she is not able to earn livelihood due to permanent disability. Rs. 300/- paid to members who are unable to earn their livelihood due to disability which is temporary in nature. Rs. 5000/- per case to	A lump sum amount of Rs. 5000/- is paid to the dependent under special circumstances like accidental death in harness as death relief and Rs. 1000 is paid by way of refund of the contribution remitted by the member in case of prolonged illness or permanent disablement of the member	On the death of a worker, an amount of Rs.3000 is paid towards funeral expenses to the family of the deceased. In case of any disability due to accident or loading/unloading operation certified by a Medical Officers a lump sum assistance of Rs.10,000/- will be paid.

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
	50,000/- towards Funeral assistance, i.e. Rs. 1000/- is paid if the member has a valid live membership.		period of receiving pension is paid to the nominee.	spouse of deceased member. Rs. 200/- if member or his/her spouse dies to meet funeral expense.		
5. Medical benefits	In case of hospitalisation for any disease/accident, he gets medical benefit @ Rs. 300/- for 5 days and an additional Rs. 50/ per day for additional day of hospitalisation to a maximum of Rs. 5000/- subject to one year of live membership	Rs. 2,000/- is given as hospitalisation charges subject to 24 hours admission as in-patient and production of original bills. Registered fishermen who are between 23 and 60 years of age are eligible for treatment of fatal diseases. The maximum amount payable under this scheme is Rs. 50,000/. Financial assistance is given to fishermen who are affected by serious ophthalmic complaints.		A maximum of Rs. 350/- paid per annum to members and their dependents .		A worker hospitalised in any recognised hospital, the expenses incurred for the treatment is i.e. Rs. 7000/- per annum is reimbursed. For spouse, children below the age of 18 and dependent parents, the amount is limited to Rs. 2000/- per year. If a worker falls ill and is hospitalised for at least 24 hours, he will be paid a grant-in-aid distress relief @ Rs. 60/- or average daily wages whichever is less for 2 months and if treatment is continued for 2 months, 50% of the above rate will also be paid for 2 months subject to a maximum of Rs. 5400/-. An amount of Rs.1000/- as grant is paid in case of death of

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
						dependents.
6. Maternity benefits	Rs. 2000/- for women members for two deliveries	Rs. 750/- is granted for each of the two live births for pre-and post-maternity case	A sum of Rs. 1000/- is being granted as maternity benefit to women employees who are deprived of the benefit under the Employees State Insurance Scheme due to shortage of attendance during the relevant period. The benefit is available for three occasions.	Rs. 300/- paid to women members		
7. Educational assistance	Cash award is also granted to the children of members who secure highest marks in the district for the SSLC exam. The Board is granting a financial assistance @ Rs.5,000/- to the children of members for coaching classes to get admission to the professional courses.	Cash aware of Rs. 5,000/- and merit certificate is given to students belonging to fishermen families who secure highest marks in each group of Higher Secondary Exam conducted in Kerala and who secure highest marks in each group in the 3 regions of the board who secure highest marks in Vocational Higher Secondary Education	The children of the members are granted scholarships for their education at different rates ranging from Rs. 500/- to Rs. 2000/- for post-metric courses including professional courses so as to encourage them in their studies.	Rs.500/- to 1500/- depending upon the course of study done by children of members each year. Computer training is imparted to children of members for upgrading their standard of life. Gold medals awarded to any three children of	Children of the members are given educational grant every year from high school to higher education level including professional courses. This benefit ranges from Rs. 250/- to Rs. 2,000/- per year. A	The children of workers who pass the upper primary exam, post matriculation and are studying in technical and professional courses will be paid annual scholarship ranging from Rs. 100/- to Rs. 300/-.

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
				members who rank top in the order in SSLC (10 th Standard)	cash award of Rs. 500/- is given to the children who score highest marks in the SSLC Exam in each district every year.	
8. Loans and advances	A member who has a minimum of 3 years membership and has not completed 55 years of age is eligible for tool advance of Rs. 10,000/- in lump sum in 60 installments.			Using Rs. 74.5 lakh received from government of Kerala as a special grant for imparting training and supplying ratt free of cost to women coir workers with beneficiary contribution being met by the Board. A total of about 1000 women workers have already been benefited till date.		A multipurpose loan is available to the workers at the maximum of Rs. 20,000/- repayable in 12 months with an interest of 12% per annum.
9. Assistance for Marriage of (Daughters)	If a member has 3 continuous years of live membership, he is eligible for marriage benefit	Rs. 1500/- is paid as <i>ex-gratia</i> as per this scheme for daughters of fishermen.	Financial assistance to daughters of widowed daughters	Paid to women members and their daughters @ Rs.	Rs. 2000/- is given as financial aid for the marriage	An interest-free loan of Rs. 5,000/- or an amount of three times of his average

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
	for his own marriage and for marriage of sons and daughters. Women workers and daughters of members are eligible to get Rs.3000 and sons of male members will get Rs.2000. The benefit is limited to the marriage of 2 children.		of Rs. 1000/- for two occasions.	1000/-.	of female members and daughters of members.	monthly earnings whichever is less. In addition to this benefit, the worker is also eligible for a loan up to Rs. 10,000/- on nominal interest.
10. Housing assistance	If a member has a minimum of 5 years membership and has another 15 years of service for superannuation, he is eligible for house building advance of Rs. 50,000/- The advance is granted in two installments.			Rajiv Gandhi Memorial Old Age Home instituted for the purpose of looking after old aged coir workers who are destitutes and have no one to look after them. An amount of Rs. 80 lakh received as special grant from government of Kerala is being utilized for providing electricity connection to poor coir workers @ Rs. 2000/-		A loan amount of Rs. 60,000/- and Rs. 50,000/- subject to a maximum of 25 times and 20 times of the average monthly wages of the worker is provided for construction of new house/repairs

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
				per worker family with the beneficiary contribution of Rs. 250 /-. An amount of Rs.100 lakh received as special grants from government of Kerala is being utilised for providing drinking water to poor coir workers @ Rs.10 lakh per each Panchayat which has more coir workers living in it. Liaisoning with Kerala Water Authority is in progress. The project, which covers about 10,000 workers, is in its preliminary stage.		

Benefits	Building and Other Construction Workers	Fishermen's Welfare Fund	Cashew Workers	Coir Workers	Handloom Workers	Head Load Workers
11. Insurance	-	Under Group Insurance – Accidental death benefit – Rs. 1,00,000/- Missing – Rs. 1,00,000/- Permanent total disability Rs. 1,00,000/- and permanent partial disability Rs. 50,000/-.				
12. Ex-Gratia payments		An amount of Rs. 5,000/- for treatment of handicapped and mentally retarded children of fishermen.				An ex-gratia payment to the tune of Rs. 15,000/- for normal death Rs. 30,000/- for accidental death and Rs. 50,000/- for death in an accident in the course of his employment is sanctioned to the heir/nominee of the deceased worker.

Benefits	Labour Welfare	Motor Transport Workers	Toddy Workers	Tailoring Workers	Laundry Workers
1. Old age pension			The Board has introduced a pension scheme for the workers and contributes to the fund every year an amount of 10% of the employees' contribution by way of grant.		A person who attains the age of 60 years will be granted pension @ Rs. 100/- per month minimum pension in addition to other retirement benefits. The rate of pension will be enhanced @ Rs. 10/- for every 5 years in excess of minimum requirement period of 10 years and the maximum pension will be Rs. 250/-.
2. Gratuity/ superannuation benefit		15 days wages		Monthly pension ranging from Rs.100 to Rs.430 per month is paid to the members who had attained the age of 60.	For a member who dies before his retirement, his dependents get Rs. 10,500 as death benefit.
3.Provident Fund		The whole amount of Provident Fund along with compound interest decided by the government from time to time per annum accumulated in the individual ledger account of the member worker at the time of superannuation, retrenchment, dismissal etc.			
4.Death/ Disability Funeral expense	Payment of immediate relief @ Rs. 2,500/- to the dependents who dies in harness.	15 days wages (last drawn) for each completed year of service or part thereof exceeding 6	Totally and permanently disabled workers, due to fall from tree while engaged in tapping work, are	Rs. 10,000/- will be paid to the family members of the deceased member. A family pension of Rs.	A member who permanently disabled will be given minimum disabled pension per month sub

Benefits	Labour Welfare	Motor Transport Workers	Toddy Workers	Tailoring Workers	Laundry Workers
		months	eligible for financial aid but the employee should be a member at the time of the accident and the contribution must be paid by the employer to the fund. An amount of Rs. 5,000/- per case is given to the legal heirs of the deceased employee who was in service at the time of each as funeral expenses.	100/- to Rs. 258/- per month is paid after the death of the member to the legal heir/nominee. Disability pension @ Rs. 100/- per month is given who had attained the age of 60.	to production Medical Certificate from the qualified medical practitioner @ Rs. 1000/- financial assistance. At time of death, dependents will Rs.1000 funeral expenses
5. Medical/ care benefits.	Grant of financial assistance to the workers suffering from serious disease and operation amount up to Rs. 10,000/- .		A member who is suffering from cancer is eligible for Rs. 7,000/- per case.		
6. Maternity benefits				Rs. 600/- each is paid for women members for two deliveries	Female members of the scheme be given 1000/- maternity benefit limited to twice the entire service
7. Educational assistance	Grant to high school students @ Rs. 250/- and Rs. 300/- for students from 8-10 th standard. Grant for higher education is given @ Rs. 400-1800/- per annum and for BBA, TTC, MBA & MCA- Rs. 3400/- per annum is given. Training is imparted to 230 students in 12 Govt. ITI's in 13 units of different trades and give stipend @ Rs. 150/- per month. Computer training is given to the children of the workers on concessional rate of fees	The member can avail of education loans not exceeding Rs.1200/- at a time.	Scholarship and cash awards are granted to the students of workers studying from 8 th standard to professional courses in Govt./private institutions. Cash awards and Gold Medals are given to students who secure 1 st , 2 nd and 3 rd Rank in the State level of SSLC Exams. The highest mark	Rs. 600/- to Rs.300/- to children of the members who are studying for various educational courses from 11 th to Professional Courses. Rs. 500/- is given to students who pass the 10 th standard.	Educational Scholarship has been introduced for children of the members of the scheme from Plus two level professional post graduate courses ranging from Rs. 500/- Rs.1500/- year.

Benefits	Labour Welfare	Motor Transport Workers	Toddy Workers	Tailoring Workers	Laundry Workers
	for 4 courses with 50 students for each course at the rate of Rs. 13,500/- per student. Cash award of Rs.100 /-per month is given as financial assistance to the workers who have deaf/dumb/blind/mentally retarded children Financial assistance @ Rs. 5,000/- is given to physically handicapped workers The workers are given accommodation/ food at Holiday Home at Kumily near Thekkady at a reasonable rate.		holder will get Rs. 1,000/- and Rs. 500/- is given to the 2 nd rank holder and Rs. 250/- to the third rank holder in each district.		
8. Loans and advances		Not exceeding an amount of the PF contribution at his credit. Non-refundable advance not exceeding Rs.50/- for purchasing shares from the cooperative societies.			A member is given interest free loan equal to 75% of the remittance amount purchase tools.
9.Marriage Assistance of daughters				Rs 1000 is given to female members and for the marriage of two daughters	A member will be given Rs 2000/- for the marriage of his/her daughter
10. Housing assistance		For construction of dwelling house or purchase of house or sites to workers to a maximum of his PF contribution with interest thereon.			
11. Insurance		-			
12. Other benefits not included elsewhere	The scheme is intended to give grant to the libraries mainly used for workers				

Benefits	Labour Welfare	Motor Transport Workers	Toddy Workers	Tailoring Workers	Laundry Workers
	for purchase of books upto Rs. 5,000/-. The members and their families, who are undertaking tour to Thekkady/Kumily and staying at Holiday Home for workers, are eligible for tour subsidy.				

Appendix 7

Different Welfare Funds Functioning in Kerala

No.	Name of the Welfare Fund	Year	Position
1	Kerala Toddy Workers' Welfare Fund	1969	Statutory
2	Kerala Labour Welfare Fund	1977	Statutory
3	Kerala Head load Workers' Welfare Fund	1983	Statutory
4	Kerala Motor Transport Workers' Welfare Fund	1985	Statutory
5	Kerala Advocate Clerk Welfare Fund	1985	Non-statutory
6	Kerala Artisans Skilled Workers' Welfare Fund	1986	Non-statutory
7	Kerala Cashew Workers' Relief and Welfare Fund	1988	Statutory
8	Kerala Khadi Workers' Welfare Fund	1989	Statutory
9	Kerala Coir Workers' Welfare Fund	1989	Statutory
10	Kerala Fishermen Welfare Fund	1989	Statutory
11	Kerala Handloom Workers' Welfare Fund	1989	Statutory
12	Kerala <i>Abkari</i> Workers' Welfare Fund	1990	Statutory
13	Kerala Construction Workers' Welfare Fund	1990	Statutory
14	Kerala Agricultural Workers' Welfare Fund	1990	Statutory
15	Kerala State Lottery Agents' Welfare Fund	1991	Non-statutory
16	Kerala Document Writers, Scribes and Stamp Vendors' Welfare Fund	1991	Non-statutory
17	Kerala Auto <i>Rickshaw</i> Workers' Welfare Fund	1991	Statutory
18	Kerala <i>Anganwadi</i> Workers and Helpers' Welfare Fund	1991	Non-statutory
19	Kerala Tailors' Welfare Fund	1994	Statutory
20	Kerala Co-operative Employees' Pension Board	2000	NA
21	Kerala Ration Dealers' Welfare Fund Board	2000	NA
22	Traders' Welfare Fund Board	NA	NA
23	Kerala Bamboo, <i>Kattuvalli</i> and <i>Pandanus</i> Leaf Workers' Welfare Fund	NA	NA

Appendix 8

Social Security Schemes being Implemented by NGOs in India

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	ANDHRA PRADESH			
1	(1) Bharathi Integrated Rural Development Society (1991), BIRDS Social Security Scheme (2001) [life, disability, funeral expenses] {17096} Life--funeral expenses {17096 as in 2003} Life--disability {180 as on 2003}	TG: Villagers who are engaged in agriculture, animal husbandry, trade and crafts. BFT: Rs. 3000/- in case of natural death and Rs. 6000/- in case of accidental death of SHG members (within some limitations), Rs. 4000/- for natural death and Rs. 8000/- for accidental death of spouse, Rs. 500/- for immediate funeral expenses that cover both member and spouse.	Linkage with LIC.	Operations grant from FWWB- India/ GTZ. Rs. 50/- per client per year. Rs. 100/- per client per year.
2.	(2) Action for Community Services Society (ACTS) (1985), Social Security Project (2000) [life, disability, assets, livestock, housing] {46,469} Life: ACTS in-house scheme Livestock: with United Insurance Huts: part of ACTS in-house scheme Pump sets: with United	BFT: Rs. 20,000/- in case of natural death and Rs. 50,000/- in case of accidental death, Rs. 25,000/- in case of total permanent disability. TG: Members who are engaged in informal sector employment, trade and crafts and agriculture-diversified product BFT: Covers life of its members in case of natural death from Rs. 5000/- to Rs. 20,000/-, accidental death with Rs. 25,000/-, loss of each body part for Rs. 1,500/-(up to a total of Rs. 25,000/-) and Rs. 1000/- for immediate relief.	Uses United India Insurance for livestock and pump sets Insurance Scheme.	Ranges from Rs. 50/- to Rs. 200/- per scheme per year. 2.25% of animal value per year.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	Insurance Life--Assets: new in-house scheme	BFT: Sum insured is the value of the animal ranging from Rs. 7000/- to Rs. 15,000/-. BFT: Up to Rs. 1000/- for damage to huts. Repair up to a maximum of Rs. 3000/-. Rs. 25,000/- in case of natural/accidental death (18 to 60), Rs. 25,000 in case of natural/accidental death of spouse, Rs. 2000/- in case of loss of assets, Rs. 2000/- in case of permanent disability.		Covered along with the life package. Rs. 50/- for an ordinary set and Rs. 250/- for a submersible one per year. Rs. 500/- per year.
3	(3) Swayamkrushi/ Youth Charitable Organisation (1996), Deenabandhu and Social Security Programme (2001) [life, assets, loans] {8100}	TG: Members who are engaged in informal sector employment. BFT: Covers for a year Rs. 15,000/- for natural death, Rs. 30,000/- for accidental death, covers (as a write-off) outstanding loan of beneficiary in the event of death (both natural and accidental) or irretrievable loss or damage (caused by fire, riots, and other natural disasters) to working tools, equipment, productive assets purchased from the loan and used for self-employment.	Collaboration with ICICI Prudential Insurance.	Rs. 100/- per member per year.
4	(4) Co-operative Development Foundation (1982), Death Relief Scheme [life] {40419}	TG: Members of the co-operative (primary agricultural co-operative) BFT: Maximum of Rs. 10,000/- on the death of a member, the coverage is equivalent to 20 times the deposit amount paid, 15 times the deposit amount (in the second age group) and 10 times the	Collaboration with National Insurance Company.	Varies according to the age of the borrower as follows: Between 18-35 years: Rs. 500/- Between 36-50 years: Rs. 667/- Between 51-55 years: Rs. 1000/-.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
		deposit (last age group)		
5	(5) Apollo Hospitals, Raksha Scheme and Rural Health Insurance in Aragonda [healthcare, accident expenses] Raksha Scheme Aragonda Rural Healthcare Insurance	TG: People belonging to the poorest sections of the population. BFT: Free treatment for accidents which require in-patient care to a maximum of Rs. 15,000/- under one card and up to Rs. 30,000/- under two cards. It has got coverage for a wide range of accidental injuries like traffic accidents, domestic and industrial accidents, snake bites, dog bites, drowning and electric shocks. Full coverage of hospital expenses at the Aragonda Hospital for the individual and three dependents.	Raksha scheme implemented in collaboration with ICICI Lombard General Insurance.	Rs. 25/- per card per year (a customer has the option of buying two cards for oneself). Rs. 365/- per year (Re. 1/- per day)
8	(6) SPANDANA (1992), Spandana Social Security Scheme (1999) [Life, housing] {98080}	TG: Members of the SPANDANA micro-finance programme and their spouses in rural areas BFT: Equal to loan amount. In case of death, the outstanding loan is written off and the amount already paid is refunded, Rs. 500/- in case of death of member's spouse (life), Rs. 1000/- in case of damage to huts (assets).		1% of loan amount or Rs. 50/-, whichever is more.
9	(7) ANKURAM, NEEDA (which means shade/cover in local dialect) (2002) [life, disability, livestock, assets, accidental death, fees] {2000 as in 2002} Life- Plan I	TG: People belonging to the very poor sections – mostly informal workers. BFT: Rs. 20,000/- in case of natural death of client or spouse and Rs. 50,000/- in case of accidental death of spouse (between ages 18 to 59)	Partners with FWWB- India.	Rs. 100/- per person.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	Life- Plan II Life- disability- assets- legal fees- Plan III	years), Rs. 50,000/- in case of total and permanent disability due to accident (both limbs, both eyes), Rs. 25,000/- in case of loss of one eye/limb due to accident (in the age group 18 to 50 years). BFT: On death, one hundred times the amount paid is returned to the nominee or 1.1 times the amount is paid if the member survives the duration of the plan. BFT: Rs. 25,000/- in case of accidental death of member or spouse; and Rs 25,000/- to children in case of accidental death of parents (in the age group of 5-70 years), Rs. 25,000/- in case of total and irrecoverable loss of two limbs/eyes due to accident, Rs. 500/- (for 3 months) in case of temporary disablement (in the age group of 5-70 years), Rs. 2000/- in case of loss of assets/ livestock (in the age group of 5- 70 years), Rs. 2000/- for legal expenses in case of divorce.		One-time payment of Rs. 50/-, Rs. 100/- or Rs. 200/-. Rs. 62/- per person.
10	(8) Anthyodaya Health Promotion, Anthyodaya Health Promotion Scheme (2003) [healthcare] {11500}	TG: People belonging to the very poor sections – mostly informal sector workers and agricultural workers. BFT: Primary healthcare services provided at health posts and health clinics, reimbursement of referral hospitalisation expenses up to Rs. 3000/-.	No.	Rs. 20/- per person.
11	(9) Deccan Development Society [food] {5000 women members from 75 villages}	TG: Women community, especially <i>dalits</i> in Medak district. BFT: It addresses the basic food problem of the poorest of the poor by running a Community Grain Fund.		The Ministry of Rural Areas and Employment, Government of India, have funded this project under the Jawahar Rozgar Yojana.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
12	(10) Centre for Environment Concerns - Food Assurance Programme {1 lakh households in 5 districts}	TG: Households which need food in the 95 drought <i>mandals</i> . BFT: Poor households will be given 40 kg. of rice and Rs. 100/- p.m. for a period of four months during which the people repay the expense through their labour.		CEC, along with the government of Andhra Pradesh. The government supplies the foodgrains.
13	(11) Healing Field Foundation –Health Service Organisation (HFF-HSO)	TG: Poor, under-privileged, marginalised population. BFT: HFF-HSO acts as an intermediary agency between the insurer and the poor. It provides fast and accurate claims, and facilitates administration as also contracting with medical providers wherein prices are negotiated at bulk rates and direct payment is made from the insurer to the provider through HFF-HSO.		
	BIHAR			
14	(1) NIDAN, Insurance Programme (2000) [healthcare, disability] {6327} Life: Janashree Bima Yojana Health: Package I Health: Package II	TG: People working in the informal sector. BFT: Up to Rs. 20,000/- for natural death, Rs. 50,000/- for accidental death, Rs. 50,000/- for permanent disability due to accidents, Rs. 50,000/- for loss of two eyes or two limbs or one eye and one limb due to accident, and Rs. 25,000/- for loss of one eye or one limb due to accident (between the ages of 18 and 60 years) BFT: Up to Rs. 15,000 for reimbursement of hospitalisation/domiciliary hospitalisation expenses for illness/disease suffered or accidental injury suffered during policy period (between the ages of 5 and 80 years) BFT: Up to Rs. 5,000/- for	While life and disability cover is provided by the Life Insurance Corporation of India, health coverage is provided by General Insurance Corporation.	Rs. 100/- per person. Rs. 240/- per person. Between Rs. 70/- and Rs. 100/-, depending on age.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
		reimbursement of hospitalisation/ domiciliary hospitalisation expenses for illness/disease suffered or accidental injury suffered during policy period (between the ages of 5 and 80 years).		
	GUJARAT			
16	(1) Tribhuvandas Foundation/ Amul Diary Co-operative (1975), Sardar Patel Arogya Mandal (2001), [Healthcare] {100 families as in 2002}	TG: Rural dairy farmers BFT: Covers members and their families for all hospitalisation expenses (excluding medicine, OPD costs, transport, some specified illness and other indirect costs).		Rs. 26/- in July each year. Members must also deposit a minimum of 300 litres of milk per year.
17	(2) Health Programme of Aga Khan Health Services, Co-operative Health Financing (1995) [Healthcare] {1127 families as in 2002} Community Health Fund (1995) [Healthcare] {1837 families as on 202}	TG: Rural dairy farmers and village communities. BFT: Benefits include waiver in registration and medical examination fee, free outpatient consultation, immunisation and discounted drugs and 20% discount on diagnostic services as well as a 10% discount on delivery. People over 35 years of age receive free medical check-up and women get breast cancer screening free. TG: same as above BFT: same as above		Stipulated amount is deducted from the net profits –net profits are distributed to the shareholders in proportion of the quantity of milk given by them, therefore, the contributions by each shareholder will be proportionate to their income. Rs. 200/- per family per year
18	(3) Navsarajan Trust [Health] {10000}	TG: Poor people (no other specification is available). BFT: Health Insurance, accidental Insurance, nutrition, legal aid, drugs, fight against corruption.	Health Insurance with NIA, Accidental Insurance with LIC.	NA

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	KARNATAKA			
19	(1) Sanghamitra (1995), ICICI Prudential Suraksha (2003) [life]	TG: Members who are engaged in agriculture-diversified products and animal husbandry. BFT: Covers life in case of both natural and accidental death.	Uses "Suraksha Scheme" of ICICI Prudential Insurance.	NA
20 21	(2) Mallur Health Co-operative (1973), Mallur Health Scheme (1973) [healthcare] {20000 as on 1996} (3) Organisation for Development of People (ODP) (1981), ODP Health Nalathittam Scheme (1993) [Healthcare, disability, life] {1137} Healthcare Life and disability	TG: Rural dairy farmers and village communities. BFT: Outpatient and inpatient care: referral services to St. Johns in Bangalore, MCH clinics held monthly; immunisation services; emergency home services and home deliveries, etc. TG: Sanghas of women and their spouses. BFT: Up to a maximum compensation of Rs. 2,500/- per member (between 18-50 years) per year, under the Mediclaim Policy. Mediclaim Policy: Rs 30/- hospital charges per day, up to Rs. 1000/- total admissible hospital charges for one year, up to Rs. 450/- for surgeon and anesthetic's fees, up to Rs. 300/- for anesthesia, blood, oxygen, operation theatre and surgical appliances, up to Rs. 300/- for diagnostic tests/ material and X rays, up to Rs. 200/- for attending doctor's consultant's and/ or specialist's fees, up to Rs. 250/- payable for medicine and drugs. BFT: Rs. 10, 000/- in case of death, Rs. 10,000/- in the event of loss of two hands or two eyes, Rs. 5,000/- in case of permanent total disability, Rs. 2000/- in the event of	Uses National Insurance Corporation, for healthcare, disability and life insurance.	User fee for each item of services rendered. Scheduled Castes and Scheduled Tribes pay only Re. 1/- for a consultation and fees are waived for those unable to pay. Rs. 2, 375/- per head paid out of ODP's Welfare Fund and recovered at the rate of Rs. 2/- per head per month. Same as above.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
		loss of one hand, eye, foot or hearing, Rs. 4000/- in case of total and irrecoverable loss of use of hand or a foot of the insured without physical separation.		
22	(4) YESHASVINI, Yeshasvini (2000) [healthcare] {1700,000 as in 2003}	TG: People belonging to co-operatives for at least the last six months (co-operative credit societies, milk marketing federations). BFT: Coverage of surgical intervention up to Rs. 1,00,000/- per procedure, free outpatient consultation and diagnostic tests.	NO	Rs. 60/- per member (plus a subsidy of Rs. 30/- from the State government).
23	(5) Community Health Insurance, Community Health Insurance Scheme (2002) [healthcare, loss of income] {137,000}	TG: People belonging to the very poor sections--mostly women and agricultural workers. BFT: Reimbursement of hospitalisation expense up to Rs. 2,500/- (healthcare), Rs. 50/- a day for loss of income in case of hospitalisation (loss of income).	Collaboration with National Insurance Company.	Rs. 30/- per person (with total or partial external subsidy for BPL).
	(6) Karuna Trust	Poor tribal people; Insurance package for a premium of Rs.30/- per person per annum, hospitalisation expense of Rs.100/- per day per patient with a maximum cover of Rs. 2500/- for all inpatient care at public health facilities. All kinds of illnesses and diseases are included and there is no exclusion or waiting period involved. The premium is fully subsidised for BPL households SC/ST households, and partially for BPL non-SC/St households.	National Insurance Company.	UNDP.
	(7) Vivekananda Trust	No user fees is charged at the Thithimathi Primary Health Centre run by the Foundation.	Public-private partnership where the Thithimathi Primary Health Centre has been handed over to the Foundation along with assets and	25% of the personnel cost is met by the Foundation and the Government of Karnataka would pay Rs. 75,000/- per annum for

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
			equipment for a period of 10 years.	drugs.
	KERALA			
24	(1) Gandhi Smaraka Grama Seva Kendram (1973), Swashraya Health Card Programme (2001) [healthcare] {34563}	TG: Mostly workers operating in the informal sector. BFT: Covers medical expenses and costs of medicine of women SHG members (within some limitations). Members can also attend free medical camp.	Loans from Rashtriya Mahila Kosh.	Rs. 24/- per year (Rs. 2/- per month) is paid by the women SHG members.
25	(2) Trivandrum District Fishermen's Federation [Accidental expense, assets, loans] Plan I: Craft and Gear Fund	TG: Fisherfolk and their families. BFT: Covers losses of fishing gears and compensation in case of accidents occurring while fishing in the sea (depending on the age and value of the assets of the member).		Rs. 150/- per member.
	Plan II: Craft and Gear Fund	BFT: Initiated by women's SHGs to meet some of the damages occurring to the fishing nets, boats, and also injuries sustained while working.		Rs. 24/- per member (Rs. 2/- per month) – does not exceed Rs. 250/- per family.
	Contingency Fund	BFT: Entire outstanding loan written off following the death of the beneficiary if the family is unable to pay back, up to 50% of the outstanding loan written off in case of natural calamities, up to 50% written off in case of loss by fire, up to 25% written off in case of personal accidents to the beneficiary, up to Rs. 20/- per day for days of loss of work.		All beneficiaries who propose to procure loans under RMK scheme are required to contribute Rs. 25/- per annum.
	MAHARASTRA			

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
26	(1) Kagad Kach Patra Kashtakari Panchayat (Waste Pickers' union (1993), Micro-insurance scheme (1998) [life, disability] {825 as in 2002}	TG: Waste pickers of Mumbai BFT: Rs. 5,000/- in case of natural death, Rs. 25,000/- in case of accidental death and Rs. 12,500/- in case of disability.	Collaboration with the LIC.	Rs. 25/- per year as membership fee.
27	(2) Kasturba Hospital (1972) Jowar Arogya Yojna (Sorghum Health Scheme) (1978) [Healthcare] {14390 as in mid-2002}	TG: People belonging to the poorest segments of the population BFT: Generally runs the cost of drugs for the village and transportation costs of the mobile health team and honorarium of the Voluntary Health Workers. The fund also serves to act as a form of premium for health insurance and the subscriber's entitlement includes free primary health care and subsidised referral care. Whatever balance remains gets converted into a village development activities. Kasturba Hospital offers free indoor treatment for unexpected illness to a person who is part of the scheme. For the expected health-related episodes, 75% subsidy is provided for anticipated episodes like normal pregnancy, cataract, hernia, etc. Outpatient health services are made available at 50% subsidised charges. Non-members can also avail of medical services provided, but at the full hospital charges.		The lowest income group (landless labourers) pay 12 <i>payalis</i> or measures of sorghum per family per year. The landowners contribute an additional 2 <i>payalis</i> per acre of landholding.
28	(3) Society for the Promotion of Area Resources (1984), NA (1997) [Healthcare, disability, accidental death, assets] {NA}	TG: Slum and pavement dwellers in Mumbai. BFT: Rs. 25,000/- for accidental death of member, Rs. 25,000/- for loss of two eyes and two limbs, Rs. 12,000/- for loss of one eye and one limb, same benefits accrue for a spouse in case of accidental death, loss of eyes or limbs, under hospitalisation, up to Rs. 1000/- for all major illnesses and Rs. 4000/- for cancer, Rs. 3000/- as cover for	Scheme undertaken with the Oriental Insurance Company.	Rs. 30/- per member per year.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
		loss of home, household goods and tools for self-employment.		
29	(4) Annapurna Mahila Mandal, Micro-insurance Scheme [Pension]	TG: Poor women members BFT: Savings amounts invested by LIC in sound securities double every six years and after 20 years, amounts to Rs. 50,000/-. On this principal amount, a fixed amount of Rs. 500/- per month is paid to the woman as old age pension. The principal can be paid to her nominee at the time of her death and the nominee is not eligible for the amount if the death is not natural.	Scheme undertaken in collaboration with the LIC.	Women mobilise their small savings and once the amount reaches Rs. 5000/-, the amount is invested in an LIC pension scheme.
30	(5) CASP Plan Organisation, Mid-claim Policy (2000) [Healthcare] {25000}	TG: People belonging to the very poor sections – mostly agricultural workers. BFT: Reimbursement of hospitalisation expenses up to Rs. 30,000/-.	NO.	Rs. 400/- per family.
31	(6) Society for Promotion of Area Resources Centre (SPARC) (1997) [life, disability, health, assets] {1200 couple}	TG: Slum dwellers in Mumbai. BFT: Rs. 1000/- per year for hospitalisation, Rs. 5000/- in case of cancer, Rs. 3000/- for loss of assets/tools, Rs. 3000-12,000/- in case of disability and Rs. 20, 000/- in case of death.	OIC.	A couple is covered for a premium of Rs. 30/- and the premium is paid from the interest gained from loans given to the members.
32	(7) Vighnagar Medical Foundation [Health]	TG: Tribal rural people of Junnar, Ambegaon and Shirurtehsils of Pune district and drought-affected tehsils like Parner, Akola and Sangamer of Ahmednagar district. BFT: Free medical service, rural critical care unit, education to poor students, organises various health camps.		Funded by donation of certain well-wishers and trusts.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
33	(8) Vasantrodada Patil Health Foundation [Health]	TG: People in 10 remote rural places in Maharashtra. BFT: People will be treated at a minimum charge in "Arogya Dham". It has departments like allopathic, naturopathy, ayurvedic, rehabilitation centre and emergency unit. It gives free medical treatment to the economically backward masses.		
34	(9) Sewagram Sorghum Health Scheme (1978) [Health] {40 Villages}	TG: For the residents of 40 villages- for village to be included, at least 75% of households should be enrolled. BFT: 50% coverage of OPD visits and planned hospitalisation, 100% coverage for emergencies and unplanned hospitalisation.		Rs. 48/- per landless household up to 5 people (or the premium can be paid by 15 Kg. of <i>jowar</i>), additional fees for landowning households.
	ORISSA			
35	(1) Gram Vikas, Janashree Bima Yojana (1997) [life, assets] {3500}	TG: Rural people belonging to the very poor sections BFT: Rs. 20,000/- in case of natural death of client or client's spouse, Rs. 40,000/- in case of accidental death of spouse (Life). Rs. 25,000/- in case of destruction of property (assets).	Implemented in collaboration with the New India Assurance Company and the LIC of India.	NA
36	(2) People's Rural Education Movement, People's Rural Health Promotion Scheme (2003) [Healthcare] {75000}	TG: People belonging to the very poor sections – mostly informal sector workers. BFT: All primary healthcare services provided for free at healthcare facilities set up at the village level, reimbursement of hospitalisation expenses up to Rs. 3000/-.	Under discussion for linkages with other insurance companies.	Rs. 20/- per person.
	TAMIL NADU			
37	(1) People's Solidarity Association (1980), PSA Social Security Scheme (2001), [life, accidental death] {744} Product 1 (life): ICICI Prudential	TG: People belonging to the very backward sections – mostly informal sector workers engaged in agriculture diversified products, animal husbandry, trade and craft.	Linkages with insurance	Operations grant from FWWB-India. Rs. 50/- per person per year.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
38	Product II (life): HDFC Standard Life Product III (accidental death): National Insurance Company Product IV (accidental death): United India Insurance Company (2) Voluntary Health Service (1958), Medical Aid Plan (1961) [Healthcare] {124,715}	BFT: Rs. 5000/- in case of natural and accidental death of client. BFT: Rs. 10,000/- in case of natural death and Rs. 15,000/- in case of accidental death. BFT: Rs. 25,000/- in case of accidental death. BFT: Rs.25,000/- in case of accidental death. TG: Poor rural villagers and urban dwellers. BFT: Entitles the family to free annual health check-ups. Prides in coverage not only for sickness but also for a wide range of health activities – maintenance of family records, mother and child care, immunisation, nutrition, family welfare, control of communicable diseases especially leprosy, tuberculosis, malaria, filarial and water- borne diseases. Members are enrolled under various income groups, on a nominal subscription fee, for treatment. 25% of concession is given for all services excluding diet and drugs.	companies like ICICI Prudential, HDFC, National Insurance and United India Insurance.	Rs. 95/- per person per year. Rs. 15/- per person per year. Rs. 15/- per person per year. Ranges according to different income groups from Rs. 12/- to Rs. 3000/-. All hospitalised patients have to pay Rs. 10/-, regardless of income group.
39	(3) League for Education and Development (1987), following four schemes (2000) [Healthcare, life, disability, accident, death, livestock] Cattle Insurance Programme	TG: Rural women members. BFT: Covers death of cattle for two years. Also covers cattle care and vaccination for additional charges.	Life Insurance Scheme undertaken in collaboration with HDFC Development Insurance Plan.	Insurance is provided against death of cattle bought from loans and cattle care with annual contribution of Rs. 420/-

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	Social Security Scheme Raja Rajashwari Mahila Kalyana Bima Yojana HDFC Development Insurance Plan	BFT: Covers up to Rs. 500/- for death and up to Rs. 250/- for hospitalisation above 15 days. BFT: Covers up to Rs. 25,000/- on death of husband and disablement of women due to accidents (women aged between 10 and 75 years). Covers death of the member – both natural and accidental.		collected upfront during loan disbursement, Rs. 100/- per year extra covers cattle care and vaccination. Rs. 50/- per member for three years Rs. 23/- per member. Rs. 95/- per member.
40	(4) Association For Sarva Sewa Farms (ASSEFA) (1969), ASSEFA Social Security Scheme [Healthcare, life] {4000 families} Life Healthcare Livestock	TG: People belonging to the poorest sections of the society. BFT: Covers natural and accidental death and suicide for the insured member up to a sum of Rs. 3000/-. BFT: Under the scheme, members can avail of various services from the Centre that are run by ASSEFA's own staff. Referral arrangement made with NGO hospitals in Madurai where free beds, meals and nursing care are provided. For the cost of medicines, one-third of the costs are borne by the beneficiary while two-thirds are borne by ASSEFA. BFT: Death cover for the animal, services of a full-fledged qualified veterinarian, free immunisation, free medicines for minor ailments	NA	Rs. 10/- per family. Rs. 50/- per family. Payment equivalent to 4% of the cost of the animal.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
		and medicines given for major illnesses besides provision of professional assistance.		
41	(5) Activists for Social Alternatives (1986), Social Welfare Security Scheme (1995) [life, livestock emergency] {69851} Social Security Scheme Life with Allianz Bajaj and AMP Sanmar Insurance Animal Husbandry Insurance Scheme: with United India Insurance Scheme: Emergency Scheme:	TG: Villagers who are engaged in animal husbandry and trade and craft. BFT: Rs. 5000/- in case of natural death and Rs. 25, 000/- in case of accidental death (between the ages of 18 and 50 years) BFT: Rs. 20, 000/- in case of natural or accidental death BFT: Up to Rs. 12, 000/- for replacement of livestock BFT: An emergency fund of Rs. 1000/- is available to all members and used for repaying outstanding loans of members who were unable to make their payments on time due to some external factors. Also given for purchase of crops, for cattle insurance and also for funeral expenses.	Uses United India Insurance for Social Security and livestock insurance.	Rs. 500/- to be paid by Vidyal members towards the capital fund for insurance (lifetime contribution refundable if members drop-out) with payments of Rs. 100/- in 5 monthly instalments each. In case of yearly insurance, the member pays Rs. 60/- each year. The capital fund is used for on-lending and the interest from the capital fund will be paid as contribution. Rs. 36/- per person. 4.2% of the insured amount (which is the loan amount) is charged as insurance fees while 0.8% goes to the doctor.
42	(6) DHAN Foundation (1997), Nalathittan Scheme of the Kalanjiam Federation (only one scheme implemented is	TG: SHGs of women and their	Uses Salam Zindagi of ICICI Prudential and Group Insurance Scheme of AMP Sanmar Insurance Company for Life Insurance.	1% of the loan amount goes towards sustaining this fund.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	mentioned here out of schemes by 20 Federations) (1997) [Health care, life, livestock, pension] {4655}	spouses, mainly centred on informal economy workers BFT: Life insurance covers of Rs. 10, 000/- for natural death of member or spouse, Life Insurance cover of Rs. 25, 000/- for accidental death o f spouse only. Hospitalisation expense up to Rs. 10, 000/- for the member, her husband and all the unmarried children.	Uses Janshri Bima and KSSSY 2001 of LIC and Janata Accident Policy of New Assurance Company and United Indian Insurance Company.	Rs 100/- if both the member and spouse are covered and Rs. 50/- if only the member is covered (life Insurance). Rs.150/- if the coverage is for a family and at least one beneficiary and Rs. 100/- if coverage is only for the member.
43	(7) Self Help Promotion for Health and Rural Development (1975), Social Security Net for the Unorganised Poor (1999) [Health care, disability, life livestock, assets] {13948} Life- Disability Hospitalisation: Assets Livestock	TG: SHGs of women belonging to the very poor sections of the population and their spouses. BFT: Life Insurance cover of Rs. 5000/- for natural death of member or spouse, life Insurance cover of Rs. 25,000/- for accidental death of member or spouse, Rs. 12,500/- in case of partial disability for member or spouse. BFT: Up to Rs. 5000/- for the member for charges pertaining to hospital bed, medicines and consultation fees. BFT: Cover of Rs. 5000/- for house and its contents. BFT: Value of animals.	Uses Housing Development Finance Company (HDFC) and ICICI for providing life insurance to the members and their spouses. Uses LIC of India for life insurance and United India Insurance Company for hospitalisation, life and assets.	Rs. 35/- if both the member and the spouse are covered. Rs. 64/- for the member. 60 paisa for every Rs. 1000/- worth of goods insured. 4% of the value of insured animal.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
44	(8) Action for Community Organisation, Rehabilitation and Development (ACCORD) (1986), Ashwini Health Scheme [Healthcare, disability, life assets] {12500 as in 2002}	TG: Poor tribals. BFT: Covers death and permanent disability of head of family for Rs. 3000/-, up to Rs. 1500/- as damages for hut and belongings up to Rs.1500/- for all illnesses covering hospitalisation.	Uses New India Assurance Company for its hospitalisation, disability, life and assets cover.	Rs. 22/- per head.
45	(9) Kadamalai Kalanjia Vattara Sangam (2000) [Health] {5710 out of general population 69278}	TG: Women members of self-help groups and their families of ages between 12 to 55 years. The scheme excludes those with a history of chronic disease. BFT: Reimbursement of 75% of hospital expenses up to Rs. 10,000/- per family per year only if the beneficiary is an inpatient at least for 48 hours. Except in emergency, benefit only for treatment in Kadamalaikkundu hospital. No coverage of pre-existing disease or normal delivery.		Premium is Rs. 150/- if the coverage is for a family including the SHG member and at least one other beneficiary and Rs. 100/- if the coverage is only for the member.
	UTTAR PRADESH			
46	(1) Grameen Development Service (GDS), Death Relief Scheme (2000), [life] {540 as in 2002}	TG: Poor community, especially in states like Uttar Pradesh (Lucknow), Andhra Pradesh (Nalgonda), Orissa (Bargarh), Rajasthan (Nagaur) and Delhi. BFT: (life) Rs. 5000/- in case of death of member or member's spouse within a minimum time not exceeding 24 hours in presence and witness of three other members.	SHG called Mahila Sahyogi Mahasangha manages this scheme in collaboration with GDS. GDS has entered into a collaboration with LIC.	Rs. 50/- per person per year.
47	(2) Cashpor Financial and Technical Services Ltd. (CFTS), Social Security Scheme (2001), [life, disability] {7000 out of 25,000} Product I (life): HDFC Standard Life Insurance {7000 as in 2002}	TG: Villagers who are engaged in animal husbandry, agriculture diversified products and trade and crafts. TG: Between the ages of 18 and 50	Linkages with insurance like ICICI Prudential, HDFC Standard Life Birla Sun Life Insurance and LIC.	Operations grant from FWWB- India. Rs. 95/- per client per year.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	Product II (life): LIC Product III (life): ICICI Prudential life Insurance Product IV (life): Birla Sun Insurance	years. BFT: Rs. 10,000/- in case of natural death and Rs. 15,000/- in case of accidental death. TG: Between the ages of 18 and 60 years. BFT: Rs. 20,000/- in case of natural death and Rs. 50,000/- in case of accidental death, Rs. 50,000/- in case of permanent disability and Rs. 25,000/- in case of permanent partial disability. TG: Between the ages of 20 and 60 years. BFT: Rs. 1000/- in case of natural death. BFT: For both natural and accidental death, benefits are 100 times of the contribution paid.		Rs. 100/- per client per year. Varies with age from Rs. 15/- to Rs. 288/- per client. Varies with age from Rs. 50/-, Rs. 100/- and Rs. 200/-.
	WEST BENGAL			
48	(1) Mayapur Trust / Sri Mayapur Vikas Sangha, Community Healthcare Financing Project (2003) [Healthcare] {1022}	TG: Poor rural villagers. BFT: Reimbursement of hospitalization expense up to Rs. 5,000/-, reimbursement for domiciliary hospitalization (pre-hospitalisation up to 30 days, post-hospitalisation up to 60 days).	With the assistance of the Trust, some villagers are now opting for the various Medclaim policies offered by National Insurance Company.	Rs. 70/- per person (up to 45 years) and Rs. 100/- (46-55 years), Rs. 50/- per dependant child.
49	(2) Goalpara, Goalpara Health Scheme (1984) [out patient healthcare] {1,247}	TG: Village communities. BFT: Outpatient care: free doctor consultation and drugs at cost price. User and drug fees waived for those unable to pay.		Premium of Rs. 18/- either in cash or kind.
50	(3) Bandhan, Insurance Scheme [life, loans] {905 women as in	TG: Poor rural women – members of SHGs	NA	2% loan amount of the borrower.

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	2002}	BFT: Covers life to its members in case of natural and accidental death. It has developed a loan insurance facility for the borrowers. In case of death, the nominee is not required to pay the outstanding loan amount.		
51	(4) South Asia Research Society (SARS) (1992), Risk fund (2003) [Life, loans] {10,212}	TG: People belonging to the poor sections – mostly informal sector women workers involved in agriculture diversified products, animal husbandry, fishing and trade and craft. BFT: Outstanding loan is written off in case of death of borrower, refund of thrift money of the deceased member to the nominees.	Discussions under way with several insurance companies.	2% of the loan amount.
	Multiple States			
52	(1) Working Women's Forum (WWF) (1978) [Health, life, disability, maternity, pension] {740,475}	TG: Poor working women mainly in the unorganised sector in the states of Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, Uttar Pradesh, Madhya Pradesh. BFT: Reimbursement for hospitalisation, maternity, life, disability.	Yes.	NA.
53	(2) Self Employed Women's Association (SEWA) (1972) [Healthcare, life, maternity, pension] (2a) SEWA, Gujarat (1972), SEWA Insurance or Vimo SEWA (1992) [Healthcare, life, assets] {102,897} Package I: Package II:	TG: Women working in agriculture diversified products, animal husbandry, trade and crafts and informal sector employment. BFT: Up to Rs. 2000/- for Mediclaim expenses, Rs. 3,000/- for natural death, Rs. 40,000/- for accidental death, Rs. 5,000/- for assets and Rs. 15,000/- on widowhood. BFT: Up to Rs. 5,500/- for Mediclaim expenses,	The scheme uses National Insurance Company for all its covers (hospitalisation, accidents, life and assets).	Women: Rs 85/-, Men: Rs. 55/-, Children: Rs. 100/- per year. Women: Rs 200/-, Men: Rs. 150/-,

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
	Package III: (2b) SEWA, Kerala [Life, health, asset, maternity] (2c) SEBA, West Bengal, Seba Co-operative Health Society, Seba Health Scheme [primary, secondary and tertiary healthcare]	Rs. 20,000/- for natural death, Rs. 65,000/- for accidental death, Rs. 10,000/- for assets and Rs. 15,000/- on widowhood. BFT: Up to Rs. 10,000/- for Mediclaim expenses, Rs. 20,000/- for natural death, Rs. 65,000/- for accidental death, Rs. 20,000/- for assets and Rs. 15,000/- on widowhood. TG: Unorganised women workers. BFT: Rs. 3000/- for natural death of women and her husband, Rs. 40,000/- for accidental death of women and her husband, Rs. 1200/- for hospitalisation of women, Rs. 5000/- for asset loss and maternity benefit of Rs. 300/- per child birth. TG: Any person who is a member of Seba availing of Mediclaim Policy of the National Insurance Company Ltd. BFT: For a sum between Rs. 1,500/- and Rs. 5,00,000/- (depending on the type of contribution paid), a member is entitled to reimbursement of hospitalisation and domiciliary hospitalisation costs within limits of benefits for persons between the age of three months to 75 years. Also, benefits payable will be increased @5% for each claim-free year, up to a maximum of 50% for continuous policy periods only.	LIC United India Insurance Company. Health scheme implemented in collaboration with National Insurance Company Ltd.	Children: Rs. 100/- per year. Women: Rs. 400/-, Men: Rs. 325/-, Children: Rs. 100/- per year. Self-contributory. Contribution varies according to the age of the person and the sum insured.
54	(3) Bridge Foundation (2001), Kalyan Yojana, Jana Suraksha Yojana, Karuna Yojana [life] {9845}	TG: Villagers who are engaged in agriculture, animal husbandry and informal sector employment in Tamil Nadu, Karnataka, Andhra Pradesh and Kerala.	Life insurance scheme implemented in collaboration with Tata AIG Life Insurance Limited.	Varies from Rs. 240/- (Rs. 20/- per month) to Rs. 720/- (Rs. 60/- per month).

Sl. no	Name of NGO, Name of Scheme (Year of Starting) [Risk Coverage] {Beneficiaries}	Target Group (TG) and Benefits (BFTs)	Insurance Company Involved	Source of Financing
		BFT: Depending on the contribution amount paid, members are insured for a sum between Rs. 25,000/- and Rs. 50,000/- for life cover.		
55	(4) South Indian Federation of Fishermen Society (SIFFS) [life]{1539}	TG: Fisher folk and their community members in Tamil Nadu, Karnataka, Andhra Pradesh and Kerala. BFT: Rs. 20,000/- in case of natural death and Rs. 50,000/- in case of accidental death.	In collaboration with LIC.	Rs. 100/- per member.

Sources:

- (a) NCL, (2002),
- (b) <http://www.workingwomensforum.org/map.htm>
- (c) Kalpagam, U. and Srividya Rajagopalan (2002),
- (d) Centre for Economic and Social Studies, (no date),
- (e) Devadasan, N., S. Manoharan, N. Menon, Thekaekara and S. Thekaekara S, AMS Team, (2004),
- (f) Mahendra Dev, S., Piush Antony, V. Gayathri and R. P. Mamgain (eds.) (2001),
- (g) SEWA (2001),
- (h) SEWA (2003),
- (i) Ranson, Kent,
- (j) Krause Patrick,
- (k) STEP (2004),

Appendix 9

Tabulation of Replies Received from Ministries of Government of India on the Unorganised Sector Workers' Social Security Bill, 2005, drafted by the Commission

Ministry	Comments received	Views of NCEUS
Ministry of Finance (Dept. of Revenue)	The matter is being processed.	Noted.
Ministry of Finance (Dept. of Economic Affairs)	Only Clauses 4 (ii) and 4(iv) deal with health insurance and life insurance.	Logistic problems addressed. Mechanism of premium collection [Para 11 of the Explanatory Note (EN)], facilitation with the insurance companies, method of availing of medical services and settlement of bills provided for in Para 4(ii) of EN.
	No objection in having these schemes, but logistical problems need to be addressed.	
	Nodal agencies may be Panchayati Raj Institutions, NGO, SHGs or any other bodies working at the grassroot level.	
Ministry of Home Affairs	Composition of the State Advisory Committee (Section 12) includes Minister of Labour as its Chairman. As only two Union territories are having Council of Ministers, the words, "or the Administrator as the case may be" should be added after the words "Minister of Labour".	Suggestion accepted.
Ministry of Communications and IT (Department of Information Technology)	No Comments. However if the services of this department are required in utilising IT for more effective implementation of these bills, the same can be made available.	Noted.
Ministry of Personnel, Public	No Comments.	Noted.

Grievances and Pensions (Dept. of Personnel and Training)		
Ministry of Non-conventional Energy Sources	No Comments.	Noted.
Ministry of Information and Broadcasting	No Comments	Noted.
Ministry of Urban Employment and Poverty Alleviation	No objection to the Bill.	Noted.
Ministry Of Health and Family Welfare-- Dept. of AYUSH	No Comments.	Noted.
Ministry of Agriculture (Dept. of Agriculture and Co-operation)	Concurs with the proposals in the two bills.	Noted.
Indian Council of Agricultural Research, Dept. of Agricultural Research and Education	No Comments.	Noted.
Ministry of Food Processing Industries	Suggest one Bill, instead of two Bills.	Decision to have two Bills taken after consultation with stakeholders.
	No need to keep wage ceiling for definition of wage workers.	Decision taken after consultation with stakeholders.
	In Chapter III, Section 7(2), a time limit should be prescribed for resolution of the workers' dispute and the onus of bringing proof against the claim of the worker should be on the employer.	It may be desirable to give a time limit for the resolution of disputes. Onus of proof covered under Section 3.
	Workers covered under existing schemes, if any, need not be covered under	Views of the Commission are stated in Section 6 of

	the proposed Bill.	the Bill.
	Social Security Funds at the National and State levels may be pooled into one fund.	Decision taken after consultation with stakeholders.
	Contribution of Re. 1/- per day by the worker seems to be on higher side. No need for Government to contribute.	Decision taken after consultation with stakeholders.
Ministry of Social Justice and Empowerment	Adequate representation of workers belonging to Scheduled Castes may be ensured in the proposed State Advisory Committee.	Suggestion may be accepted.
Ministry of Communications and IT (Department of Posts)	No objection to the proposed draft bills. The functions of the WFC spelt out in Section 28(2) of the draft Bill are all items of work that the post office is already undertaking, or is capable of doing, given its reach, easy accessibility, intimate knowledge of the local environment and people, its ability to access anyone at his/her address and its role in facilitating communication. It is the only the Central Government presence throughout the country, even in the remotest areas. The work that the post office is undertaking to register voters on behalf of the Election Commission, or to verify addresses for Municipal Corporations, etc., are cases in point. The post office has also traditionally been a source for issuing Identity Cards to citizens- a role it continues to perform even to-day, where required, given its capability to identify any citizen at his/her address. Therefore, it is	Noted.

	suggested that the Commission may consider identifying the post office among the potential centres that can function as WFCs. To facilitate better co-ordination and oversight of this work at the District level, the Divisional Superintendent of Post Offices could be considered for inclusion in the District Committee for registration of workers, to be constituted as per the provisions of Section 23 of the draft Bill.	
Ministry of Mines	The PSUs under this Ministry are in the organised sector and therefore, the Ministry has no specific comments in the matter.	Noted.
Ministry of Rural Development	No objection to the draft Bills.	Noted.

Appendix 10

Tabulation of Replies Received from State Governments/UTs on the Unorganised Sector Workers' Social Security Bill, 2005, drafted by the Commission

State Government/ Union Territory	Comments received	Views of NCEUS
Chandigarh	The bills are quite elaborate and comprehensive.	Noted.
Dadra and Nagar Haveli	The enactment shall be enforced in this territory.	Noted.
Lakshadweep	No comments.	Noted.
Goa	In Sub- section 2 of Section 21, definite period be defined for regular contribution.	Noted.
	As regards Section 22, passport number, if any, may be incorporated in the identity card.	No Objection.
	The Government of Goa has enacted a new State legislation namely "The Goa Employment (Conditions of Retirement Benefits) Act, 2001	Noted.

	under which retirement benefits are guaranteed to all workers who have not completed 240 days of continuous employment.	
Haryana	The Bills in their present form appear to be very difficult to implement.	Noted.
	No information regarding the size of the unorganised sector- difficulty of collection of contribution to fund – financial implications of the State Government.	
	The Bill is not supported by the Haryana Government in its present form.	
Kerala*	Welcomes the Social Security Bill.	Noted.
	The proposed Bill should ensure that existing Social Security Benefits provided by the State Governments are not withdrawn.	
	A conference of Labour Ministers of the States be convened to finalise the Bill.	
Rajasthan	No comments on Social Security Bill.	Noted.
Arunachal Pradesh	No comments to offer on the proposed bills	Noted.

* Response given to the Commission during the course of the meeting with the Minister of Labour, Government of Kerala on October 14, 2005.

Appendix 11

Tabulation of Relevant Portions of the Speeches of the Prime Minister of India and Various Ministers of the State Governments at the 40th Session of the Indian Labour Conference Held at Vigyan Bhawan, New Delhi on 9-10th December, 2005

PRIME MINISTER DR. MANMOHAN SINGH	The United Progressive Alliance was forged on the platform of a new unity between different sections of our society and based on the principles of equality, welfare and social justice. The National Common Minimum Programme declares emphatically that the UPA Government is firmly committed to ensure the welfare and well-being of all workers, particularly those in the unorganised sector who, as the previous speakers pointed out, constitute 93 per cent of our workforce. Our Government remains committed to giving a new deal to the working people to ensure that they receive their due share from the fruits of social and economic development. I am also happy to report that our Government has already brought forward several legislations aimed at addressing issues dear to the working sections of our population, both men and women, in cities and in villages, in industry and in agriculture. However, I do recognise the fact that we have some distance to travel in addressing all the concerns of our working people. I would like to reiterate here once again our sincere commitment to do so. This Conference is discussing issues pertaining to social security for unorganised sector workers. Our Government has taken a very important step in this direction by enacting the National Rural Employment Guarantee Act. It is the single most important social security benefit being extended to the rural labour since Independence. Our Government has also launched the National Rural Health Mission that seeks to provide health security for our rural areas. We have taken major initiatives in the field of education to eliminate illiteracy and provide basic education. Taken together, all these initiatives of our Government will, I believe, enhance the income security and welfare of the poor, particularly those in the rural areas. Our Government is presently examining alternative approaches to the welfare of workers in the unorganised sector and is considering different drafts of a possible Bill for Unorganised Sector Workers' Social Security. <u>I am grateful to</u>
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	<u>all those who have contributed to the wide-ranging discussion on the proposed legislation. There should be a meaningful discussion on all aspects of this bill, including its administrative feasibility and financial viability. This we are committed to promote.</u>
KERALA	Kerala has made tremendous progress in extending social security coverage to workers in the unorganised sector through the mechanism of tripartite Welfare Fund Boards. Now the Central Government has proposed the Unorganised Sector Workers' Bill to provide a social security net to the workers in the unorganised sector. Three drafts for the legislation prepared by three different bodies have come up for discussion here. <u>We had convened a meeting of the various stakeholders in our state to evaluate the draft Bill. Many of the suggestions which have been raised in the meeting are covered in the draft bill prepared by NCEUS and we are of the view that this draft is more comprehensive. We urge the Government to enact this draft Bill with necessary modifications.</u>
PUNJAB	The Government of India has drafted the Unorganised Sector Workers' Social Security Bill, 2005. The objective of the bill to provide minimum level of protection and welfare and well being of the workers in the Unorganised Sector who constitute 93% of our workforce is laudable. This is appreciable attempt of UPA Government headed by S. Manmohan Singh Hon'ble Prime Minister to provide social security to workers, working in the Unorganised Sector. The Government of Punjab endorses the spirit of this bill. However the Government feels that the definition of unorganized sector workers as given in Section-2(o) of the draft bill might create some practical problems while implementing this bill, because only those workers can avail the benefits under this bill who are not availing benefits under the ESIC Act and PF Act. It has been observed that factories and industrial establishments including contractors' establishments employ casual workers for a few days and as per the provisions of the Provident Fund Act 1952 their PF is deducted. Majority of these are migratory workers. Therefore, any casual workers will move in and out of this definition of unorganized sector worker. This will create difficulty in implementing social security schemes for unorganized sector workers. Therefore, it is suggested that provisions should be made in the draft bill that such kind of workers continue to get benefits under this bill.

	Similarly with reference to section 21(b) (ii) contribution of employees it is stated that State Government may not be in a position to levy cess or tax or fee for this purpose. Government of India would be in a better position to do so. Therefore, this provision should be deleted, so that the specified Authority under the provisions of the Bill does not make recommendation which can not be implemented. <u>However the Unorganised Sector Workers' Social Security Bill, 2005 circulated National Commission for Enterprises in the Unorganised Sector has taken care of above objections and it is a better draft bill.</u>
ANDHRA PRADESH	The Government of Andhra Pradesh is, for quite some time, working very seriously on the Social Security and Welfare of Unorganised Workers and prepared a Draft Bill. Confronted with Three Bills on the same subject, we made an in depth analysis of all the Bills vis-a vis our state Draft Bill and presenting now our views to the Ministry of Labour. <u>Briefly stated, we concur with the Bill proposed by the National Commission on Enterprises in the Unorganised Sector for two reasons.</u> One, it is our considered opinion that the Central Government should be a Policy Body and create a National Fund and the State Governments should be Implementing Agencies. Secondly, there shall be a provision for sector-specific Cess or Tax, like Cess on Motor Vehicles Tax for Schemes intended for Transport Workers right from Rickshaw Pullers to Truck Drivers including Self employed, to supplement the Contributions of Workers. Moreover, we have few suggestions to make. <u>Firstly</u>, the two Bills proposed by National Commission on Enterprises in Unorganised Sector should be codified into one; and <u>secondly</u> there shall be Fifth element under National Minimum Social Security providing for some Sustenance Allowance for a very limited period in case the unorganized worker is forced to be out of employment due to circumstances beyond his control, like Fire Accidents, Tsunami etc., <u>Similarly</u>, though it may appear attractive to say that the worker's contribution should be Rupee One per day, in practice it is very difficult to collect and to account for. Further, the contributions of workers, employers and the State Government may be permitted to be received and accounted for by the State Governments themselves and the National Board may direct the

	State Government or the State Board, wherever it is, to pay the proportionate amount of premium etc., towards National Minimum Social Security Benefits. This will put the things straight and result in operational convenience. <u>The two key contents of the Second Bill proposed by the National Commission on Enterprises in Unorganised Sector, viz., Conditions of Work and the Protection and Promotion of Livelihood of Self-employed persons may straight-away be incorporated in the Schemes framed under the First Bill. This is more suitable and relevant for the Service Conditions of Unorganised Workers depending upon their nature of employment and sector of employment. The second part is the Government's responsibility in the nature of Guiding Principles and hence can better be a part of the Scheme.</u>
WEST BENGAL	One of the Agenda for the Conference is "Social security for unorganised sector workers including the agricultural sector workers covering their service conditions, social security and other benefits". The Union Govt. for the last three years has been actively considering to extend the social security benefits to the unorganised sector workers. A plethora of draft Bills have already been framed by the Union Govt. Initially, the Union Govt. drew up a draft Bill for the unorganised sector workers in the year 2003. The said draft Bill was subsequently replaced by another draft Bill viz., Unorganised sector Workers Bill 2004. Our State Govt. communicated its views on the said Bill in details to the Govt. of India. There were lot of anomalies in the said draft Bill which were pointed out in our views. The most important thing is that the State Govt. communicated its objection in sharing payment of contribution of the registered unorganised sector workers in respect of whom the employers could not be identified. Subsequently, the Union govt. has drawn up another Bill viz., Unorganised Workers Social security Bill, 2005. On prima facie examination on this draft Bill it appears that in the matter of implementation of the said Bill, the State Govt. does not have a major role to play save and except in certain areas such as levy of cess/tax on goods produced or service rendered, making contribution in the Supervisory Board by way of its representation in the said Board and also by way of making grants and loans such sum of money as the State Govt. may consider fit for being utilized for the purpose of the proposed Act. Even in this Bill the maximum amount which the State Govt. may impose as levy or cess has not been prescribed in said Bill. Thus it is very difficult to make specific comment on this point.

Secondly, it is reiterated that the State Govt.'s exchequer would not probably permit sanction of any grant towards implementation of the proposed Act. In addition, the proposed draft Bill also does not clarify certain anomaly with regard to the benefits rendered or to be rendered by certain other statutory Boards like Building and Other Construction Workers Welfare Board, Beedi & Cigar Workers Welfare Board etc.

Of late in the Agenda note it is found that another two draft Bills prepared by the National Commission for Enterprises in the Unorganised Sector (NCEUS) are also placed for consideration in this Session. These two Bills are: (I) Unorganised Sector Workers Social Security Bill, 2005, and (II) Unorganised Sector Workers (Conditions of Work and Livelihood Promotion) Bill, 2005.

On scrutiny of the first Bill viz., Unorganised Sector Workers Social Security Bill, 2005, it appears that certain portions of the social security measures for unorganized sector are proposed to be implemented by the Central Govt. through creation of a National Fund and National Board and some portions to be implemented by the State Govt. through creation of a State fund and the State Board. In this Bill too there has been mention of sharing of expenditure towards contribution of workers @ Re.1/- per day in respect of those unorganized workers whose employers are not identified, by the Central Govt. and the State Govt. in the ratio of 3:1 and in addition the State Govt. is required to pay one-fourth of the contribution of all unorganized workers towards the National Social Security Fund by the State Govt. In this connection it is further reiterated that the State Govt. may not be in a position to share such financial burden.

As regards the schemes proposed to be implemented by the State Govt. under this Bill, it may be mentioned that our State Govt. had already introduced a Social Security Scheme for unorganized workers, viz., state Assisted Scheme of Provident Fund for Unorganised Workers (SASPFUW) w.e.f. 1.1.2001 in order to provide some sort of social security measures to workers engaged in the unorganized sector units employing less than 20 workmen and also the workmen employed in the self-employed occupations. A workman between the age of 18-55 years having a family income not exceeding Rs. 3,500/- per month and employed in the listed unorganized sectors and self-employed occupations, is eligible to be covered under this Scheme. Under the Scheme each eligible worker is to contribute

	a sum of Rs. 20/- per month towards his provident fund Account and the State Govt. gives an equal amount of Rs. 20/- as Matching Contribution towards such P. F. Account. The State Government also bears the interest payable annually on such P.F. Account. It is encouraging to note that up to September,2005, about 6,45,290 workmen in the unorganized units and self-employed occupations have already been enrolled as beneficiaries under this Scheme. So far a sum of about Rs. 26 crores have been collected as subscriptions from the enrolled subscribers and the State Govt. had already granted Matching Contribution towards Provident Fund of the unorganized workers to the extent of about Rs. 20 crores up to March,2005. In implementing the Scheme, the State govt. feels that the Central Govt. should come forward and finance the State govt. by way of grant for implementation of such scheme or in other schemes that might be floated under the proposed legislation. Incidentally, it may be mentioned that the implementation of such welfare schemes also requires additional manpower which again puts a burden on the State Exchequer by way of creating provisions for additional manning. <u>Detailed views on this proposed Bill as well as on the second Bill viz., Unorganised Sector Workers (Conditions of Work and Livelihood Promotion) Bill, 2005, will be communicated to Central Govt. shortly.</u>
GOA	At the outset I express my deep gratitude to the Standing Labour Committee for the suggestion made to include the sensitive subject of social security as an item in the Agenda for the Indian Labour Conference (ILC). The Indian economy has faced ripples in the past and now the economy is facing convulsions on account of globalisation, which has left an indelible impact, upsetting the plans and equations. In this fast-paced economy and society, the welfare of the working class in the unorganised sector should receive utmost attention. Labour welfare is a total concept. It should not only encompass the intrinsic aspects of welfare from retrenchment to retirement but also ensure social and economic protection to the workers and their family members after superannuation. I would not like to dwell at length on the existing legislation and the proposed legislation on social security and consume the valuable time of this august body. There is comprehensive legislation on the subject and steps have been

initiated to enact more progressive legislation, which is elaborately mentioned in the Notes of the Agenda. However, it has been, time and again, reiterated at different fora that the mechanism of delivery of benefits should be toned up in a manner so as to provide a responsive approach.

Very often, the beneficiaries under the E.S.I. Scheme and Provident Fund Scheme have to sweat it out to receive the benefits at times when the same are badly needed. I have come across instances wherein the benefits of compensation under the ESIC scheme have been paid belatedly. In the same way, workers and their dependents in a dire state, especially widows, find it difficult to derive pension benefits when they need the same. We are staying in a money-centric economy wherein we require money at every step. **Sudden sickness or the loss of an earning member of the family creates a traumatic situation for the family members. The government machinery should respond to the desperate beneficiaries quickly and deliver the goods effectively.**

I am aware that very often lip sympathy is given to the workers of the unorganised sector by the co-workers who, through their collective strength, periodically receive benefits, both qualitative as well as monetary.

I do not mean to say that we have to ignore the demands of the workers in organised sectors for improving the quality of their lives. **However, more and more attention needs to be focused by the Government, employers, trade unionists, social thinkers and NGOs on the proper and effective delivery of benefits to the workers in the unorganised sector.**

I would like to focus on the other vital and beneficial aspects of social security measures. Today, we find that there is an unprecedented exodus from the traditional occupations, especially the agricultural sector. This is mainly attributed to insecurity of employment and inadequate means of livelihood. I say that social security measures have a role to play in this sphere. Having an effective network of social security benefits shall ensure relief at times, even when there is crop loss on account of the vagaries of nature.

In Goa, the youth are deserting the traditional occupations of agriculture, toddy tapping, coconut plucking, artisan works, etc. At times when employment opportunities have totally dried up, one should make efforts to prevent the youth

	from deserting their traditional occupations. In order to wean them away from white-collared jobs, social security measures should go to their doorsteps and help them establish firm roots in the traditional occupations by adopting innovating approaches.
KARNATAKA	It is most unfortunate that more than 90 per cent of the workforce, which is in the unorganised sector, has no legislative protection. Liberalisation and globalisation have further compounded the situation by adding to the numbers of unorganised workers, through closure, downsizing and contractualisation. I support the recommendation of the Second National Commission for Labour regarding umbrella legislation to provide for basic minimum service conditions, and social security to these workers. We had ourselves drafted the Karnataka Unorganised Workers' Welfare Bill, but soon realised that its implementation required enormous financial resources, which cannot be achieved without the substantial involvement of the Central Government. We then undertook a study, which was carried out by the Institute of Socio-Economic Change in Bangalore, to identify the aspirations and needs of these workers, and their willingness to contribute to these schemes. We are encouraged by the results of the study, which indicate that the larger percentage of these workers not only wish to have a social security net but are also willing to contribute towards that effort. <u>I must also mention here that our social security scheme, Yeshasvini, which is in its third year of implementation, has been lauded as one of its kind in the country, offering as it does, full cover for surgical procedures to its agriculturist members.</u> Our detailed views on the various efforts of the Central Government to frame an enabling legislation for regulating the conditions of service, and for providing social security to this deprived sector, have already been communicated. I do not wish to go into details here, but would like to touch upon some major issues. The most important issue is the matter regarding financing of schemes for the unorganised sector. While some contribution may be expected from workmen, the larger part will have to come from other sources. Since employer-employee relationships are not easy to establish here, contribution from employers, even if prescribed, may not be forthcoming. The Central Government and State governments will, therefore, have to pitch in, in a big way. In the draft Unorganised Sector Workers Bill, 2004, the contribution of the employer is to be paid by the

	State government when he is not identifiable. Since this will be the position in a majority of the cases, it will cast a great burden on the State's financial resources. We feel that the Central Government will have to assume the larger share of the burden as State governments may not have the wherewithal to do so. In this context, it is worth examining whether some of the existing schemes offering social security benefits to certain categories of beneficiaries cannot be re-modelled as schemes under this legislation so that their funds may be applied here. We are also not averse to specific cesses being levied to find funds for this purpose, as has already been done for construction workers through the Building and Other Construction Workers' Welfare Cess Act, 1966. Another issue which bothers us in the sustainability of the schemes. <u>In the two draft Bills proposed by the National Commission for Enterprises in the Unorganised Sector, benefits like old age pension, health coverage and maternity benefits have been proposed as obligatory under the scheme. We agree that this should be so. However, if our target is to cover the entire sector, the quantum of contribution proposed in the legislation seems grossly inadequate.</u> I feel that these matters should be looked into before the legislation comes into being. As regards what should constitute the unorganised sector, both wage workers as well as self-employed workers should form part of it. An income restriction on the self-employed is also acceptable. I would conclude this subject by only saying that we should give this enabling legislation priority in our scheme of things, so that the benefits can accrue speedily to the workmen in the unorganised sector.
HIMACHAL PRADESH	The Government of Himachal Pradesh is of the view that legislative measures need to be taken to ensure social security for unorganised sector workers excluding agriculture sector workers. Our State government has already submitted its point of view on the draft of the Unorganized Sector Workers' Bill, 2003. Since our State government has been implementing various welfare programmes/schemes and social security schemes for the well-being of the weaker sections of society, these may be adopted with necessary modifications under Section 23 of the proposed Bill. Our State government welcomes the Unorganized Sector Workers' Social Security Scheme, 2004, which was

	launched on a pilot basis in 50 districts including the capital district of each State. However, this scheme has not taken off yet. In Himachal Pradesh, the most important segment of unorganised labour are the large number of construction workers engaged in the construction activities of hydroelectric power projects, road construction and other construction works. Therefore, the Building and Other Construction Workers (RECS) Act, 1996 has a lot of potential in our State for the safety, health and welfare of construction workers. The Himachal Pradesh Draft State Rules, 2005, under the Act, have been framed with the consultation of the Expert Committee constituted under the Act and are under the active consideration of the State government. In view of incidents of cloudbursts, flash floods and hazards involved in tunneling operations in the hydroelectric power projects, the State government of Himachal Pradesh had started a special drive to ensure 100 per cent registration of contractual labour involved in construction activities and issuing them Employment Cards in an amended form with the photograph, permanent address and next of kin details. All contractual workers engaged in construction activities have been issued these Employment Cards, which they are required to carry with them while working at the construction site. This initiative has been taken for the welfare of this segment of unorganised workers so that the contractors do not disown their workmen and do not evade their liabilities of compensation in the event of any natural calamities.
MEGHALAYA	We welcome the decision of the Government of India based on the recommendation of the Second National Commission on labour to bring a legislation for unorganised labour namely, the Unorganised Sector Workers' Bills as it is a move in the right direction and also as this legislation is more relevant to small States like Meghalaya, where there are a large number of workers in the unorganized sector and they need to be provided social security, which can function as an instrument in alleviating hardships arising out of poverty. In so far as framing of the Central legislation for agricultural workers is concerned, it may be stated that the economy of the state is basically agrarian. The land tenure system is peculiar in the region since the land belongs to the

	people. There are no big employers, and the number of agricultural labourers is very small and scattered all over the state. As such, any legislation by the Central or State Governments for agricultural labour based on the Kerala Agricultural Workers Act will, therefore, be very difficult to apply and implement in the state, because of the peculiar conditions mentioned above. However, we believe that the Unorganised Sector Bill proposed by the Government of India as well as the Minimum Wages Act, 1948 will provide labour welfare to the agricultural workers.
ARUNACHAL PRADESH	As regards unorganised labourers, I have already mentioned in my introductory speech that all the labourers of our State are workers of the unorganised sector and therefore, it is not practical to fully enforce and implement the provisions of the relevant labour laws for the benefit and welfare of these unorganised labourers. As such, the enactment of a separate law for the unorganised labour is urgently necessary. In this regard, the initiatives of the Ministry of Labour, Government of India, for the introduction of an Unorganised Sector Worker' Bill, 2005, is praiseworthy. The State government is looking forward to the early enactment of this bill. <u>We have already informed the Ministry of our views that if this Bill is enacted, the State government will make efforts to enforce and implement the provision of this Act for the benefit and welfare of the unorganised sector workers if the Central Government provides 100 per cent financial assistance for the creation of necessary infrastructures for implementation of the proposed bills/enactments.</u>
ASSAM	I would like to mention that the right to social security is one of the basic human rights. The ultimate objective of social security is to assure every worker a means of livelihood and basic economic security. Social security programmes in India, at present, provide for only medical care, sickness benefit, employment injury benefit and the old-aged and survivors benefit in the form of Provident Fund and pension. All these benefits are provided to the organised workers through the different labour legislations in the country. These programmes are yet to be extended for the benefit of unorganised workers in the country. It is observed that the proposed draft law has endeavoured to provide a safety net for all categories of unorganised workers, which is welcome and laudable. Any law for unorganised workers should cover all those

workers who have not been able to organise themselves on the basis of their common objectives on account of constraints like the casual nature of their employment, ignorance and illiteracy, small and scattered size of employments, etc.

Due to the complexity of various problems faced by the unorganised sectors, it has not been amenable to any statistical accuracy and precision in the same sense as the organised sectors. The unorganised sector workers suffer from seasonality of employment. A majority of the rural workers do not have appropriate avenues of employment. And those who are employed are not gainfully employed in the true sense. The workplaces of unorganised workers are scattered. The workers have to do the same job in different branches, which makes it hard for them to live together in the same areas.

As the economy of Assam is basically agrarian and hence, about 93 per cent of the total labour force in the country is in the unorganised sectors. Assam being the land of agriculture, about 80 per cent of the workers are engaged in the unorganised sector including agriculture. At present, there are more than 69 lakh unorganised workers working in various unorganised sectors/occupations in the State. It is also a pertinent point to mention that due to lack of industrialisation in the State, a sizeable number of workers are compelled to work in the unorganised sectors with very poor remuneration. From the available statistics and data, it appears that the unorganised workers in the State are living below the poverty line. Hence, I strongly reiterate that it is high time to formulate policy/programmes for the socio-economic protection of the unorganised workers in the country as a whole.

We appreciate the initiative taken by the Union Labour Ministry in drafting two legislations, i.e. the Unorganised Sector Workers Bill, 2004 and the Unorganised Sector Workers' Bill, 2005 to provide for the social security and welfare of unorganised sector workers and to provide for other matters connected therewith.

The steps taken by the Government for providing effective measures towards the safety and security of unorganised labour need to be appreciated. **Our Government is examining the latest two drafts Bills and the endorsement on the two Bills will be given in due course with minor modifications. Considering the complex sociological scenario in the State, it must be ensured that only genuine**

	<u>citizens of the country as defined under the law, should avail of the benefits and be issued identity cards.</u> This crucial aspect needs to be incorporated in the proposed legislation covering definition/eligibility criteria, etc. <u>The terms ‘employer’ and ‘wage earner’ need to be defined properly considering the issue of migration of different categories of workers to the State of Assam.</u> The proposed legislation should also have an enabling penal provision providing for cognisance of offences like in other labour legislations. As such, Assam had already taken the initiative and drafted a legislation, viz., the Assam Unorganised Workers’ Welfare Bill, 2004, for providing socio-economic protection to the unorganised workers in the State. However, the enactment of the same would be reconsidered in the light of the proposed Central legislation. In the context of the social security programme in the State, I would also like to mention that the Assam Gratuity Fund Scheme formulated in 1993 has been made effective from the current year for the social security of plantation workers in the State. The scheme has been inaugurated by the Hon’ble Chief Minister of Assam on October 2, 2005, the day of “Gandhi Jayanti”
UTTARANCHAL	There was no specific comment on either of the draft Bills placed for discussion in the Agenda of the Conference. However, they considered the immediate implementation of the legislation on social security to be of the utmost importance.
RAJASTHAN	
GUJARAT	

Appendix 12
Tabulation of Replies Received from Trade Unions on the
Unorganised Sector Workers Social Security Bill, 2005 drafted by the
Commission

Trade Union	Comments Received	Response/Action Taken by NCEUS
AICCTU, AITUC, BMS, CITU, HMS, INTUC, TUCC, UTUC, UTUC-LS	The two drafts by the NCEUS have correctly bifurcated the twin aspects of Social Security, and Conditions of Work and Livelihood of the unorganised sector workers, with further distinctions between agricultural and non-agricultural workers. There is a need to synthesise the two draft Bills of the NCEUS with the revised draft Bill of the Ministry of Labour (forwarded with the June 2005 communication) and dovetail the unanimous inputs provided by the CTUs into it.	Noted.
	In the definition of the word 'employer', 'contractors' as employers and 'principal employer' should also be included and appropriately defined.	Definition of 'employer' in the Bill takes care of this suggestion.
	The salaries, allowances and other remuneration of the members, officers and employees of the Board and any other expenses of the Board, should be borne by the Central Government.	Noted.
	Similar provisions, as above, should be incorporated in relation to establishment of State Boards.	Noted.
	The composition of the Board should expressly provide for representatives of the Central Trade Union Organisations, to be nominated by them.	See Section 11(1)(c).
	If NGOs are to be associated, any academicians or expert working with the NGOs can be considered as an associate member or consultant.	Noted.
	There should be provision for initial allocation of funds by the Central Government for the successful launch of	Noted.

	the schemes.	
	The entire cost of administration of the Act (s) should be borne by the Central Government at least for the first five years after which the position could be reviewed and revised.	Noted.
	The minimum basic welfare and pensionary benefits like minimum pension per month, etc. should be incorporated in the Bill itself.	Noted.
	Wherever the employer is not identifiable, the contribution of the employer should be borne by the appropriate Government or the Board or shared by the Central and State government on a 3:1 ratio.	Already suggested in the Bill. See Section 5(b)(ii).
	Central Government should allocate at least 3% of the GDP annually for social security, to be progressively increased.	Noted.
	There should be a dispute resolution mechanism in the Act itself for resolving the grievances of the unorganised sector workers.	See Chapter 8.
	Contributions from workers cannot be fixed as a percentage of the wages but should only be a specified nominal amount towards registration/annual renewal fee.	See Section 5.
	There should be appropriate provisions for refund of contribution made by the workers on leaving the scheme as well as for portability of the contribution on their migration to other schemes.	Can be worked out by the National and State Boards.
	Imposition of penalties, for offences under and/or contravention of the provisions of the Act(s), should be incorporated in the draft Bill itself.	See Section 32.
Bharatiya Mazdoor Sangh	Enacting two separate legislations for the unorganised sector workers is not justified. A comprehensive law covering all aspects of workers, and requirements is necessary.	Decision to have two Bills taken after consultation with stakeholders.
	The proposed Bills shall cover the self-employed worker and workers whose employer cannot be identified. A list of jobs, prepared in this light is annexed.	See Section 2(l).

	The expenditure on the establishment of Boards of all levels and the Facilitation Centres shall be borne by the governments.	This is implied in the Bills.
	Agriculture: to include floriculture, vegetable farming, rearing of sheep and goats, piggery.	See Section 2(a).
	'Employer' to include: any person Central or a State government or Corporation financing any unit of employment or service.	Decision taken after consultation with stakeholders.
	'Unorganised sector' to include: incorporated enterprises, project financed, promoted, sponsored by Central or State governments and their corporations and units.	Decision taken after consultation with stakeholders.
	In Section 5: (i) In respect of wage workers, the contribution shall be on the basis of monthly aggregate wage. (ii) In respect of self-employed workers and workers whose employers cannot be identified, the rate of contribution shall be on a notional income, to be decided by Social Security Boards.	Decision taken after consultation with stakeholders
	In Section 11: (i) Tripartite representation on the Board. (ii) Remove the words 'from any of the following' in the first sentence.	Noted.
	In Section 26: If the non-renewal of the validity of Identity Card is due to loss of employment, the worker shall not be made ineligible. Payment of arrears shall be waived.	Noted.
	In Section 28: Workers' Facilitation Centres shall be tripartite bodies. The expenses of the Facilitation Centres should be borne by the governments and the worker and the Welfare Fund should be spared from this expenditure.	Noted.
National Centre for Labour	The long title of the draft Bill speaks about the 'welfare' of the unorganised sector workers. Is there any need for deletion of 'welfare' from the long title?	NO.
	In Section 2, omissions to define (i)	Phrase

Appropriate Government, (ii) Family.	'Appropriate Government' not used in the Bill. 'Family' shall be defined.
'Employer' definition similar to that of under the Apprentices Act.	Decision taken after consultation with stakeholders.
'Unorganised Sector'. This definition was attempted by the Commission perhaps keeping in view only the agricultural operations.	See Section 2(k).
'Unorganised Sector Worker'--The salary limit of Rs. 5000/- for the worker should be deleted.	Noted.
The social security measures specified under Section 4 (1) should be quantified in the following manner: *Old Age Pension: 50% of the prevailing National Minimum Wage. *Disability Benefit: 50% of the prevailing National Minimum Wage. *Maternity Benefit: Equivalent to the prevailing National Minimum Wage basing on the provisions of the Maternity Benefit Act. *Death and Disability: Insured to the extent of Rs. 1 lakh (presently) subject to a variation of the inflation rate.	Noted.
Health Insurance: similar to the provision under the Universal Insurance Scheme introduced by the Government of India. The premium under this Scheme should be paid by the concerned Board.	Noted.
The social security measures and welfare measures need a clear distinction in sub-section (3) of Section 4.	Noted.
The specified social security measures under sub-section (1) of Section 4 should include: (i) Unemployment Benefit.	Noted.

	(ii) Provident Fund Schemes.	
	3% of the total Revenue of the Central Government should be allocated to this Fund.	Noted.
	The three-tier structure of the Authority should be done away. And the mechanism should be under the following model: National Level: 'CENTRAL SOCIAL SECURITY BOARD to frame the Schemes under the Act and the administration of the Act with multi-party constitution. State Level: 'STATE SOCIAL SECURITY BOARD to frame the Schemes under the Act and the administration of the Act with multi-party constitution.	The formulation suggested presupposes that the State Boards have a vast network of local level offices. Considering the financial implications of this, setting up of Workers' Facilitation Centres has been suggested by NCEUS.
	The Disputes Resolution Councils must consist of Tripartite Bodies.	Power of composition to State Boards--implicit.
Centre For Unorganised Workers Trade Union	Suggestions, additions and deletions will be forwarded at the earliest to you. .	Noted.

Appendix 13
Tabulation of Replies Received from NGOs, Academicians and Others
on the Unorganised Sector Workers Social Security Bill, 2005, drafted
by The Commission

NGO/Academicians/ Others	Comments Received	Action Taken by NCEUS
Working Women's Forum	Various occupations cannot be grouped under a single category. For example: agriculture and fish workers.	Bill is for all unorganised sector workers irrespective of occupation.
	How can one ensure collection of Re. 1/- per day, per worker from the employer?	See Section 5(b)(ii).
	How will social security or insurance be provided for workers who continue to work beyond 60 years of age?	Shall be considered while negotiating the schemes.
	What is going to be the mechanism for enforcement?	See chapter 7.
	Inadequate health infrastructure in rural areas--increases scope for corruption	Implementation problems to be addressed by the Boards.
	Coverage of social security benefits inadequate--periods of unemployment and major expenditures like education, housing, loss due to natural calamities, etc. should be included.	May be considered subject to availability of finance.
	Special problems of women like maternity, childcare and social security measures for specific health-related issues have to be taken care of.	Maternity benefits already considered. Others may be negotiated by the Boards.
	Limiting the income to Rs. 5000/- per month would lead to corrupt practices.	Noted.
	Need to involve the <i>Panchayats</i> , municipalities, NGOs, civil society initiatives and trade unions.	See Section 28.
	Need to include unpaid family labour, e.g. Contributory family worker.	Decision taken after consultation with stakeholders.
World Bank: Philip O' Keefe	The objectives of the Bill are supported by the Bank.	Noted.

	The Bill represents significant progress from the earlier MOL draft.	
	Bundling of health, disability, maternity, life and pension insurance is very ambitious.	Suggestions for separate premiums for different benefits are being worked out.
	States appear to have discretion to choose not only the relative balance between the different core forms of insurance, but also to add non-core benefits.	Minimum benefits are being defined in the implementation scheme.
	What are the incentives to workers to register under the scheme?	National minimum social security benefits backed by legislation. Workers' organisations are expected to create awareness and help workers to register.
	What are the incentives to employers under the scheme?	Bill envisages only 17% identification of employers. However, the Government may decide to levy cess or tax in lieu of employers' contribution.
	The draft Bill defines contributions but not benefits.	It is important that the scheme for implementing the Act should define the minimum benefits, wherein decision on the upper limit is left open for negotiations by the Boards.
	Analysis by Bank staff of urban health insurance claims shows that hospital benefits alone cost insurers around Rs. 1000-1100/- per person per year, not including marketing, distribution and administration.	Contributions worked out after consultation with insurance companies.
	Is contribution in real terms or nominal terms?	Real terms.
	Modes of benefit delivery need to be	Being worked out as a

	specified.	part of the implementation scheme.
	Administrative costs of 5% of total contribution are too low.	Government may review this on the basis of the initial year's experience.
	Insurance- based health cover would have an impact on funding for the health sector and the cost of health cover for the uninsured poor.	The budgetary allocation for strengthening the health infrastructure is likely to increase following the commitment of the Government as well as the recommendation of National Commission on Macro-Economics and Health.
	Fiscal implications of the scheme are not possible for estimation, if there are other subsidies involved.	Noted.
SEWA	Central Government contribution only for workers below the poverty line (BPL) is fraught with problems, primarily because the list of BPL persons excludes many very poor people whose names simply do not get onto this list for various reasons.	Bill suggests a uniform contribution of Re. 1/- per worker by the Government. In addition, contribution of workers below the poverty line to be borne by the Central Government.
	The bill will ensure minimum social security coverage with small contributions, which are not likely to evince interest from income groups other than those from the working poor.	Minimum benefits suggested by the Bill are more than those offered by schemes run by voluntary organisations.
	In 5b (i) and (ii), we should not specify the exact contribution by the worker and employer (Re. 1 per day), as this may vary across states, given the financial positions of those from whom contributions are to be taken. Many workers cannot afford to contribute Re. 1/- per day.	Noted.

	5b (iii) regarding contributions by both the Central and state governments is welcome.	Noted.
	This bill should be linked with the new REGA.	No specific suggestion in the Bill.
	The mechanism to ensure implementation of social security benefits for workers needs careful attention.	Noted.
S. Mahendra Dev in 'The Hindu' dated 26.09.2005	Fixing income limit of Rs. 5000/- may lead to targeting errors and corruption.	Noted.
	Involve <i>Panchayati Raj</i> institutions in implementation machinery.	See Section 28.
	Healthcare infrastructure needs strengthening	Noted.
Centre for Civil Society	The inclusion of 'self-employed' is a welcome step.	Noted.
	Need to define term 'Employment' as: 'Employment includes a service or vocation not only where there is an employer-employee relationship but also where the person is engaged in any self-employed vocation.'	See Section 2(l).
	Insertion of Clause in Section to specify that engaging in any vocation even post sixty years does NOT disqualify an unorganised sector worker from attaining pension and old age benefits of the Workers' Facilitation Centre.	Bill does not provide for this.
Hannan Mollah	In the section on dispute settlement, provision for an officer, not below the rank of Asst. Labour Commissioner, as Conciliation Officer, should be there. Besides, for enquiring on disputes, the provision of Inspectors should be there.	Noted.
	A provision for tribunal should be there for referring the dispute not settled by the Conciliation at the Council level, as appellate authority.	Noted.
	Provision for Appeal should be incorporated.	Noted.
	Penalties should be elaborated as in my bill.	See Section 32.

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^[1] This rate is obtained by expressing the number of persons liable to contribute to a social security scheme as a percentage of the population in employment.